

Politics 172B
International Political Economy
Fall 2007
Tuesday and Friday 10:40-12:00 (Block H)
Olin-Sang 212

Prof. Kerry A. Chase
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Office Hours:
Tuesday 1-3
Golding 120

Description

This course surveys the politics of international economic relations. Analytically, the course examines how international and domestic factors influence foreign economic policies and international economic relations. The substantive focus is international trade, investment, monetary, and financial relations. Specific topics include exchange rate regimes; macroeconomic policymaking; capital flows and international finance; trade liberalization and protection; global and regional trade agreements; economic development; multinational production; regulatory interaction between states and firms; the origins and effects of international institutions; and the influence of transnational actors.

Prerequisites

Students should have taken Politics 15A, Introduction to International Relations. Prior coursework in Economics may be useful, but it is neither required nor expected. This means that I assume you are familiar with theories of international relations, but I do not assume knowledge of sophisticated economic terms and concepts.

Admission Procedures

The class is currently filled with a capacity of 30 students. As spaces open up, the order of enrollment preference will be: 1). Politics and IGS majors, by graduation year; 2). Students in other majors who have satisfied the prerequisites, by graduation year. First-year students will not be admitted.

Teaching Fellow

The Teaching Fellow for the course is Tzvetomira Kaltcheva. Tzvetomira's e-mail address is: tk101@brandeis.edu.

Course Requirements

The requirements for the course and the calculation of final grades are as follows:

- 1). Regular attendance and class participation (10%)
- 2). Two papers due on October 26 and November 20 (30% each)
- 3). Final examination on Wednesday, December 12 (30%)

Class Attendance and Participation (10%)

It is essential that you come to class prepared to discuss the assigned readings. Course meetings will involve both lecture and discussion; I will often ask questions based on the assigned readings. Class attendance, and the level and quality of your participation, will be the deciding factor in cases where the final grade is borderline.

Paper Assignments (60%)

Paper assignments are 8-10 page analyses of a particular problem in international political economy in response to essay questions that I will provide. For each assignment, you will choose one of two essay questions; the questions will be uploaded to [Latte](#) and then circulated in class about 10 days before the due date. The first paper assignment is due on Friday, October 26; the second paper assignment is due on Tuesday, November 20.

Final Examination (30%)

The [Registrar's examination time](#) for Block H is Wednesday, December 12 at 9:15-12:15. The final examination will include some combination of the following: 1). Identification, which involves identifying terms and concepts and explaining their significance for the course in roughly 5-6 sentences; 2). Short answer, which involves answering factual questions in about a paragraph; and 3). Long answer, which involves answering interpretive or conceptual questions in a few paragraphs.

Grading

Assignments will be graded out of 100 points based on the following scale: A (93 and above); A- (90-92); B+ (87-89); B (83-86); B- (80-82); C+ (77-79); C (73-76); C- (70-72); D (65-69); F (less than 65). Final scores and grades will be computed in Microsoft Excel using the following formula: $SCORE = 0.1*ATTENDANCE/DISCUSSION + 0.3*PAPER1 + 0.3*PAPER2 + 0.3*FINAL$.

Disability Statement

If you need academic accommodations because of a documented disability, please make sure that I receive your letter of accommodation as soon as possible. For questions about documenting a disability or requesting academic accommodations, please contact Beth Rodgers-Kay in Academic Services at 6-3470.

Course Policies

A statement of [course policies regarding absences and late papers](#) can be found on [Latte](#). If your participation in intercollegiate athletic competition conflicts with any of the requirements for this course, please make sure to provide me with a letter from the Director of Athletics stating the dates of these conflicts.

Class Handouts

Study guides for the course's 5 modules and a few handouts can be found on [Latte](#).

Course Readings

You are expected to complete the course readings in advance of the class meeting for which they are assigned. Please note that the reading assignments average 50-60 pages per session and plan accordingly. Course readings appear in the following sources:

Required Text

Thomas Oatley, *International Political Economy: Interests and Institutions in the Global Economy*, 3rd ed. (Longman, 2007), ISBN 0-20555-991-3. You can purchase this text at the [Brandeis University Bookstore](#) or at [amazon.com](#).

Recommended Text

Graham Bannock, R.E. Baxter, and Evan Davis, *The Penguin Dictionary of Economics*, 7th ed. (Penguin Books, 2004), ISBN 0-14101-075-4. This text is a useful reference for economic terms and concepts in the readings. You can purchase it at [amazon.com](#).

Electronic Readings

Electronic readings are indicated by a hyperlink. These readings have been uploaded directly to [Latte](#); follow the hyperlinks in the syllabus or find them in the lists underneath the relevant course module. While these readings are distributed electronically, I expect you to print all of them. There is no Xeroxed, bound reader for the course, but you are welcome to share print-outs and form groups to save on printing costs.

Course Schedule

August 31 Introduction: Markets and Politics

Historical Perspectives

September 4 Classical Liberalism and European Trade, 1776-1860

- Oatley, *IPE*, Ch. 1, *International Political Economy*: 1-21.
- Douglas A. Irwin, [Adam Smith's Case for Free Trade](#), Ch. 5 in *Against the Tide: An Intellectual History of Free Trade* (Princeton University Press, 1996): 75-86.
- Timothy J. McKeown, [Hegemonic Stability Theory and 19th Century Tariff Levels in Europe](#), *International Organization* 37:1 (Winter 1983): 73-91.
- Handouts: [Study Guide: Historical Perspectives](#); [Historical Timeline, 1776-1914](#).

September 7 The Decline of Free Trade in Europe, 1860-1914

- Peter A. Gourevitch, [International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896](#), *Journal of Interdisciplinary History* 8:2 (Autumn 1977): 281-313.
- Daniel Verdier, [Democratization and Trade Liberalization in Industrial Capitalist Countries, 1830s to 1930s](#), *Comparative Studies in Society and History* 40:4 (October 1998): 587-608.

September 11 The Classical Gold Standard, 1815-1914

- Jeffrey A. Frieden, [The Dynamics of International Monetary Systems: International and Domestic Factors in the Rise, Reign, and Demise of the Classical Gold Standard](#), *Coping with Complexity in the International System*, Jack Snyder and Robert Jervis, eds. (Westview Press, 1993): 137-162.
- J. Lawrence Broz, [The Domestic Politics of International Monetary Order: The Gold Standard](#), *Contested Social Orders and International Politics*, David Skidmore, ed. (Vanderbilt University Press, 1997): 53-91.

September 14 Rosh Hashanah (No Class)

September 18 The Failure of Interwar Reconstruction, 1914-45

- Charles P. Kindleberger, [An Explanation of the 1929 Depression](#), Ch. 14 in *The World in Depression* (University of California Press, 1973): 288-305.
- Barry Eichengreen, Introduction, *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939* (Oxford University Press, 1992): 3-18.
- Louis W. Pauly, [The League of Nations and the Foreshadowing of the International Monetary Fund](#), *Essays in International Finance* No. 201, Princeton

University (December 1996): 1-25 and 33-41 (skip section 8 at 25-33).

- Handout: [Historical Timeline, 1914-1945](#).

September 21 The Collapse of the Trading System, 1914-45

- Stephen D. Krasner, [State Power and the Structure of International Trade](#), *World Politics* 28:3 (April 1976): 317-347.
- Kerry A. Chase, [Imperial Protection and Strategic Trade Policy in the Interwar Period](#), *Review of International Political Economy* 11:1 (February 2004): 177-203.

September 25 The Bretton Woods System

- Barry Eichengreen and Peter B. Kenen, [Managing the World Economy under the Bretton Woods System: An Overview](#), *Managing the World Economy: Fifty Years after Bretton Woods*, Peter B. Kenen, ed. (Institute for International Economics, 1994): 3-23 (excerpt).
- David A. Lake, [British and American Hegemony Compared: Lessons for the Current Era of Decline](#), *History, the White House and the Kremlin: Statesmen as Historians*, Michael Fry, ed. (Pinter Publishers, 1991): 106-122.
- Robert Gilpin, [The Evolution of Political Economy](#), *Governing the World's Money*, David M. Andrews, C. Randall Henning, and Louis W. Pauly, eds. (Cornell University Press, 2002): 19-37.

The International Monetary System

September 28 Exchange Rates and Monetary Policy

- Oatley, *IPE*, Ch. 10, The International Monetary System: 215-236.
- Lawrence Broz and Jeffrey A. Frieden, [The Political Economy of International Monetary Relations](#), *Annual Review of Political Science* 4:1 (June 2001): 17-43.
- Handout: [Study Guide: The International Monetary System](#).

October 2 The Gold-Dollar Standard

- Miles Kahler, [Bretton Woods and Its Competitors: The Political Economy of Institutional Choice](#), *Governing the World's Money*, David M. Andrews, C. Randall Henning, and Louis W. Pauly, eds. (Cornell University Press, 2002): 38-59.
- Barry Eichengreen, [Hegemonic Stability Theories of the International Monetary System](#), Ch. 11 in *Elusive Stability: Essays in the History of International Finance, 1919-1939* (Cambridge University Press, 1990): 271-311.

October 5 The Monetary System after Bretton Woods

- Oatley, *IPE*, Ch. 11, Contemporary International Monetary Arrangements: 237-259.
- Benjamin J. Cohen, [The Triad and the Unholy Trinity: Problems of International Monetary Cooperation](#), *Pacific Economic Relations in the 1990s: Cooperation or Conflict?* Richard Higgott, Richard Leaver, and John Ravenhill, eds. (Allen and Unwin, 1993): 133-158.

October 9 Brandeis Thursday (No Class)

October 12 Capital Mobility and Domestic Politics

- Oatley, *IPE*, Ch. 12, A Society-Centered Approach to Monetary and Exchange-Rate Policies: 260-282.
- John B. Goodman and Louis Pauly, [The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets](#), *World Politics* 46:1 (October 1993): 50-82.

October 16 European Monetary Union

- Oatley, *IPE*, Ch. 13, A State-Centered Approach to Monetary and Exchange-Rate Policies: 283-305.
- Jeffry A. Frieden, [Economic Liberalization and the Politics of European Monetary Integration](#), *Liberalization and Foreign Policy*, Miles Kahler, ed. (Columbia University Press, 1997): 237-268.

International Trade

October 19 International Trade: Economics and Politics

- Oatley, *IPE*, Ch. 2, The WTO and the World Trade System and Ch. 3, The Political Economy of International Trade Cooperation: 22-60.
- Helen V. Milner, [The Political Economy of International Trade](#), *Annual Review of Political Science* 2:1 (June 1999): 91-114.
- Handout: [Study Guide: International Trade](#).

October 23 The Trade Regime: GATT and WTO

- Oatley, *IPE*, Ch. 3, The Political Economy of International Trade Cooperation: 60-71.
- Judith Goldstein, [International Institutions and Domestic Politics: GATT, WTO, and the Liberalization of International Trade](#), *The WTO as an International Organization*, Anne O. Krueger, ed. (University of Chicago Press, 1998): 133-152.

- Helen V. Milner, [Resisting the Protectionist Temptation: Industry and the Making of Trade Policy in France and the United States during the 1970s](#), *International Organization* 41:4 (Autumn 1987): 639-665.

October 26 Trade and Domestic Politics

- Oatley, *IPE*, Ch. 4, A Society-Centered Approach to the Politics of Trade: 72-94.
- James E. Alt and Michael Gilligan, [The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions](#), *Journal of Political Philosophy* 2:2 (June 1994): 165-192.

October 30 Import-Substituting Industrialization

- Oatley, *IPE*, Ch. 6, Trade and Development I: Import Substitution Industrialization: 115-138.
- Robert R. Kaufman, [How Societies Change Development Models or Keep Them: Reflections on the Latin American Experience in the 1930s and the Postwar World](#), *Manufacturing Miracles: Paths of Industrialization in Latin America and East Asia*, Gary Gereffi and Donald L. Wyman, eds. (Princeton University Press, 1990): 110-138.

November 2 Trade Reform in Developing Countries

- Oatley, *IPE*, Ch. 7, Trade and Development II: Economic Reform: 139-165.
- Stephan Haggard, [Institutions and Growth in East Asia](#), *Studies in Comparative International Development* 38:4 (Winter 2004): 53-81.
- Dani Rodrik, [Trade Policy Reform as Institutional Reform](#), *Development, Trade, and the WTO: A Handbook*, Bernard Hoekman, Aaditya Mattoo, and Philip English, eds. (World Bank, 2002): 3-10.

November 6 States and Industrial Rivalry

- Oatley, *IPE*, Ch. 5, A State-Centered Approach to Trade Politics: 95-114.
- Jeffrey A. Hart and Aseem Prakash, [Strategic Trade and Investment Policies: Implications for the Study of International Political Economy](#), *World Economy* 20:4 (July 1997): 457-476.

November 9 Problems of Globalization and Trade

- Oatley, *IPE*, Ch. 16, Globalization: Consequences and Controversies: 357-382.
- Robert C. Feenstra, [Integration of Trade and Disintegration of Production in the Global Economy](#), *Journal of Economic Perspectives* 12:4 (Fall 1998): 31-50.
- Alan V. Deardorff and Robert M. Stern, [What You Should Know about Globalization and the World Trade Organization](#), *Review of International Economics* 10:3 (August 2002): 404-423.

International Finance

November 13 The Debt Crisis in Developing Countries

- Oatley, *IPE*, Ch. 14, Developing Countries and International Finance I: The Latin American Debt Crisis: 306-332.
- Rudiger Dornbusch and Sebastian Edwards, [The Macroeconomics of Populism](#), Ch. 1 in *The Macroeconomics of Populism in Latin America* (University of Chicago Press, 1991): 7-13.
- Stephan Haggard and Robert Kaufman, [The Politics of Stabilization and Structural Adjustment](#), *Developing Country Debt and the World Economy*, Jeffrey D. Sachs, ed. (University of Chicago Press, 1989): 263-274.
- John Williamson, [What Washington Means by Policy Reform](#), Ch. 2 in *Latin American Adjustment: How Much Has Happened?* (Institute for International Economics, 1990): 7-20.
- Handout: [Study Guide: International Finance](#).

November 16 Global Financial Crises

- Oatley, *IPE*, Ch. 15, Developing Countries and International Finance II: A Decade of Crises: 333-356.
- Stephan Haggard and Andrew MacIntyre, [The Political Economy of the Asian Economic Crisis](#), *Review of International Political Economy* 5:3 (Autumn 1998): 381-392.
- Roberto Chang, [Understanding Recent Crises in Emerging Markets](#), *Federal Reserve Bank of Atlanta Economic Review* 84:2 (2nd Quarter 1999): 6-16.

November 20 Reforming International Finance

- Jeffrey D. Sachs, [Alternative Approaches to Financial Crises in Emerging Markets](#), *Capital Flows and Financial Crises*, Miles Kahler, ed. (Cornell University Press, 1998): 247-262.
- Barry Eichengreen and Albert Fishlow, [Contending with Capital Flows: What Is Different about the 1990s?](#) *Capital Flows and Financial Crises*, Miles Kahler, ed. (Cornell University Press, 1998): 23-68.
- John Williamson, [From Reform Agenda to Damaged Brand Name](#), *Finance and Development* 40:3 (September 2003): 10-13.

November 23 Thanksgiving (No Class)

Foreign Direct Investment

November 27 Multinational Production: Economics and Politics

- Oatley, *IPE*, Ch. 8, Multinational Corporations in the Global Economy: 166-190.
- Bruce Kogut, [International Business: The New Bottom Line](#), *Foreign Policy* 110 (Spring 1998): 152-165.
- Handout: [Study Guide: Foreign Direct Investment](#).

November 30 FDI and Development

- Oatley, *IPE*, Ch. 9, The Politics of Multinational Corporations: 191-204.
- Stephen D. Krasner, [Multinational Corporations](#), Ch. 7 in *Structural Conflict: The Third World against Global Liberalism* (University of California Press, 1985): 176-195.
- Stephen J. Kobrin, [Expropriation as an Attempt to Control Foreign Firms in LDCs: Trends from 1960-1979](#), *International Studies Quarterly* 28:3 (September 1984): 329-348.

December 4 Regulating Multinationals

- Oatley, *IPE*, Ch. 9, The Politics of Multinational Corporations: 204-214.
- Edward M. Graham and Paul R. Krugman, [Trade-Related Investment Measures](#), *Completing the Uruguay Round: A Results-Oriented Approach to the GATT Trade Negotiations*, Jeffrey J. Schott, ed. (Institute for International Economics, 1990): 147-163.
- Gus Van Harten, [Private Authority and Transnational Governance: The Contours of the International System of Investor Protection](#), *Review of International Political Economy* 12:4 (October 2005): 600-623.

December 7 Conclusion: Politics of Globalization

- Dani Rodrik, [How Far Will International Economic Integration Go?](#) *Journal of Economic Perspectives* 14:1 (Winter 2000): 177-186.

December 12 Final Examination at 9:15-12:15