

INTA 3301

International Political Economy

FALL 2014

MWF 10:05 – 10:55

LOCATION: IC115

Dr. Alasdair Young

alasdair.young@gatech.edu
Office Hours: M 9-10; W 11-12
Office: Habersham 212B

Graduate teaching assistant:

Kristopher Bonnejonne
kbonnejonne3@gatech.edu

Introduction

This course introduces the subject of international political economy. In particular, it aims to equip you with the analytical tools necessary to examine critically the relationship between increasingly globalized markets and largely national politics. Toward this end it will introduce different understandings of the appropriate relationship between state and market and how these are manifest in the world. It will also present ways of understanding the interactions between domestic politics and international economics. These building blocks will be used to analyze three distinct, but interrelated issue areas at the heart of international political economy: trade, finance and development. The course will conclude by reflecting on the nature of globalization and its implications for state autonomy.

Intended learning outcomes

By the end of this course, students should be able to:

- demonstrate an understanding of the key terms of economic policy and its analysis;
- characterize the main intellectual traditions in International Political Economy;
- identify the key features of the major forms of state-market relations found in the world;
- describe the fundamental forms and patterns of international economic exchange;
- evaluate the preferences and power resources of major actors in international political economy;
- analyze, interpret and explain challenges and developments in the world economy;
- locate and interpret basic economic data;
- advance reasoned and factually supported arguments both orally and in writing.

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Course materials

This course is supported by a text book:

Oatley, Thomas (2011), *International Political Economy*, 5th edition, Pearson.

An electronic version of the text book is available to rent for 180 days for \$49.99 at:
http://www.coursesmart.com/9780205060641?__professorview=false

We will also make extensive use of other resources. These will either be available on the web (denoted by **w**), through the GT library (**l**) or on t-square (**t**).

To access electronic journal articles through the library website:

- click on 'eJournals' on the left-hand side of the library homepage (under 'research tools');
- type the name of the journal in the search box;
- select the database option that includes the appropriate issue of the journal;
- browse the journal to the appropriate volume and issue.

Course requirements

In order to get the most out of the course and to be able to participate effectively in class, students are expected at a minimum to read and reflect upon required readings before class. They should also read the *Financial Times* (daily) and the *Economist* (weekly). Both are accessible through the GT Library.

Each student is expected to become an 'expert' on one of the leading economies in the world. This will involve completing a country background sheet on the selected country and preparing short papers reflecting on two of the three course topics – trade, finance or development – from the perspective of his/her selected country. Students are expected to be able to contribute country-specific information to class sessions. The mid-term and final exams will have bonus questions regarding the expert country.

Assignment	Date due	Maximum points possible	Share of total
Country background sheet	9/3	200	10
Mid-term exam	9/26	500	25
Country reflection papers (2 of 3)	10/24, 11/10, 11/24	400	20
Final exam	12/12	700	35
Class participation	continuous	200	10
TOTAL		2000	100

Late assignments will NOT be accepted, except for medical or personal emergencies upon verification.

Extra-credit assignment (50 points for a serious effort) (up to 2 assignments may be submitted)

Write a reflective summary (no more than 500 words) of a guest lecture to be announced. An edited version of the best summary will be posted on the website of the Center for European and Transatlantic Studies.

Course communication

- Communication will be by email – **students should check their email daily**.
- T-Square (www.t-square.gatech.edu/) will be used to post course materials.

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Grades

Grade	Points	Descriptors
A	20 19 18	Exceptionally good performance demonstrating a superior understanding of the subject matter, a foundation of extensive knowledge, and a skillful use of concepts and/or materials.
B	17 16 15	Good performance demonstrating capacity to use the appropriate concepts, a good understanding of the subject matter, and an ability to handle the problems and materials encountered in the subject.
C	14 13 12	Adequate performance demonstrating an adequate understanding of the subject matter, an ability to handle relatively simple problems.
D	11 10 9	Minimally acceptable performance demonstrating at least partial familiarity with the subject matter and some capacity to deal with relatively simple problems, but also demonstrating serious deficiencies.
F	<8	Did not demonstrate familiarity with the subject matter, nor the capacity to deal with simple problems in a manner recognizable to the consensus of mainstream academic practitioners within the field.

Grade Change Policy

Simple computational or clerical errors should be brought to my attention immediately. Legitimate requests for grade changes are welcome and encouraged. You should, however, resist the temptation to file a frivolous request just hoping to “get lucky”. Approach a grade change request as if arguing a legal case: you should have strong and convincing arguments and evidence to support your request. Be aware that appeals to the practices of other professors generally do not constitute good argument or evidence. Note also that grade changes requests can result in re-grades either up or down (or left unchanged). That is, if the greater scrutiny demanded by a grade change request reveals your assignment to deserve a lower grade than previously awarded, and then the lower grade may be assigned.

Special Accommodations

Students requesting academic accommodations based on a documented disability are required to register with the Access Disabled Assistance Program for Tech Students (ADAPTS). Please obtain a form from the ADAPTS office and turn it in to me during office hours or in class in the beginning of the semester. (<http://www.adapts.gatech.edu>).

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Academic misconduct

According to the Georgia Tech honor code,¹ academic misconduct is any act that does or could improperly distort Student grades or other Student academic records. Such acts include:

- Possessing, using or exchanging improperly acquired written or verbal information in the preparation of any essay, laboratory report, examination, or other assignment included in an academic course;
- Substitution for, or unauthorized collaboration with, a Student in the commission of academic requirements;
- Submission of material that is wholly or substantially identical to that created or published by another person or persons, without adequate credit notations indicating authorship (plagiarism).

The incorporation of material without formal and proper acknowledgement (even with no deliberate intent to cheat) can constitute plagiarism. Work may be considered to be plagiarized if it consists of:²

- a direct quotation;
- a close paraphrase;
- an unacknowledged summary of a source;
- direct copying or transcription.

Any failure to acknowledge adequately or to cite properly other sources in submitted work is plagiarism.

Class conduct

- **All telecommunications devices are to be switched off during class.**
- **Computers and tablets are not to be used in class without express permission;**
- Absences for medical or personal emergencies will be excused upon verification by the instructor. Absences for school athletics will be excused only if they are in accordance with the schedules approved and circulated by the Student Academic & Financial Affairs Committee for Travel or the Associate Athletic Director (Academic Services). Absences due to military service will be handled on a case-by-case basis and subject to verification
- Course participants will treat each other with respect. Constructive questioning and criticism are welcome, even encouraged. Personal attacks and insults are not. The rule of thumb here is that critical comments and questions should be maturely phrased in a manner that encourages constructive and open debate. They should **not** be phrased as insults, threats, or in a manner that shuts down discussion.
- Students are expected to read and abide by the Georgia Tech Student Code of Conduct and the Academic Honor Code. All violations will be reported. The complete text of these two Codes may be found at: www.deanofstudents.gatech.edu/integrity/policies/index.html.

¹ <http://www.osi.gatech.edu/plugins/content/index.php?id=46>

² This statement is adapted from the University of Glasgow's Plagiarism Statement in the University Calendar (p.49). Available at: http://www.gla.ac.uk/media/media_165329_en.pdf#page=49&view=fitH,350

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Course overview

1.	8/18	Introduction	Pub quiz and class survey
Section I IDEAS, IDEOLOGIES AND POLICIES			
2.	8/20	Micro-economic ideas I: International	
3.	8/22	Micro-economic ideas II: Domestic	
4.	8/25	Micro-economic ideas III: Market failures	
5.	8/27	Country back-ground sheet guidance	Country selection
6.	8/29	Macro-economic ideas I: Keynesianism	
	9/1	No class: Labor Day	
7.	9/3	Macro-economic ideas II: Monetarism	Country background sheet due
8.	9/5	Social justice: Redistribution and the welfare state	
9.	9/8	Marxian ideas and policies	
	9/10	No class: TTIP event	
Section II DOMESTIC AND INTERNATIONAL POLICY-MAKING			
10.	9/12	Of preferences and policy	
11.	9/15	Institutions and influence	
12.	9/17	International cooperation	
13.	9/19	International institutional design	
14.	9/22	International institutions and state behavior	
15.	9/24	Reflection paper guidance & mid-term review	
16.	9/26		Mid-term exam
Section III ISSUES AND POLICIES			
17.	9/29	Trade policy I: Changing nature of trade	
18.	10/1	Trade policy II: The politics of trade	
19.	10/3	Trade policy III: Politics of TTIP	
20.	10/6	Trade policy IV: Multilateral trading system	
21.	10/8	Trade V: Dispute settlement	
22.	10/10	Trade VI: Doha Round	

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	10/13	No class: Student Recess	
23.	10/15	Trade VII: Regional integration arrangements	
24.	10/17	Finance I: Currencies & Exchange Rates	
25.	10/20	Finance II: Exchange rate systems	
26.	10/22	Finance III: Capital flows	
27.	10/24	Finance IV: Financial crises	Trade reflection paper due
28.	10/27	Finance V: Sovereign debt and debt crises	
29.	10/29	Finance VI: The Eurozone crisis	
30.	10/31	Finance VII: The global financial system	
31.	11/3	Development I: Understandings of development	
32.	11/5	Development II: Causes of underdevelopment	
33.	11/7	Development III: Development strategies	
34.	11/10	Development IV: Development assistance	Finance reflection paper due
35.	11/12	Development V: IFIs	
36.	11/14	Development VI: BRICS	
37.	11/17	Energy	
38.	11/19	Environment I: Environmental cooperation	
39.	11/21	Environment II: Climate change	
40.	11/24	TBA	Development reflection paper due
	11/26	No class	
	11/28	No class: Thanksgiving	
Section IV: WRAP UP			
41.	12/1	Globalization I: What is globalization?	
42.	12/3	Globalization II: So What?	
43.	12/5	Revision session	
	12/12	11:30-2:20	Final exam

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Detailed course outline

8/18 Introduction

This class will introduce what international political economy is as a subject and as a field of study. The class will also introduce the course, setting out the aims and content, as well as the expectations and requirements. Students' subject knowledge will be gently explored through a 'pub quiz.' Students will also be encouraged to reflect upon their own economic beliefs through a class survey.

I. IDEAS AND IDEOLOGIES

Different people value different economic outcomes – e.g., efficiency and equality – differently. Moreover, there are different understandings about what policies are better for achieving those ends. This section of the course introduces the key normative and causal ideas that inform understandings of the appropriate relationship between state and market.

8/20 Micro-economic ideas I: International

Micro-economic ideas concern how markets should function. Within capitalist systems there are pronounced differences regarding the extent to which the government should intervene in domestic and international markets and how much competition there should be. This class will explore the classical debate in IPE between mercantilism and liberalism.

Reading

Oatley, Chapter 1

8/22 Micro-economic ideas II: Domestic

This class explores the debate about the appropriate role of the state within capitalist economies considering *dirigisme*, ordo-liberalism and neo-liberalism. It will also introduce the different 'varieties of capitalism.'

Reading

Schmidt, V. A. (2002), *The Futures of European Capitalism*, Oxford University Press, pp. 112-18 (t).

8/25 Micro-economic ideas III: Market failures

It is widely recognized that there are some socially desirable outcomes that markets provide poorly and some socially undesirable outcomes that markets are prone to produce. These are known as market failures and require policy interventions to address them. There are a variety of different ways that governments might seek to address even the same market failure. These different choices can have implications for international economic exchange.

Reading

Kleiman, M. A. R. and Teles, S. M. (2006), 'Market and Non-Market Failures,' in M. Moran and R. E. Goodin (eds), *The Oxford Handbook of Public Policy*, Oxford University Press, Section 3 (pp. 627-30, 32). (t)

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8/27 **Guidance on the country back-ground sheet**

In this session we will go over the types of information sought in the country back-ground sheets, where you might look to find it and how it should be integrated into class sessions. In the process you will be introduced to key sources of economic data and as well as be introduced to how to interpret it. **Students will choose their 'expert country,'** although choice may be restricted in order to ensure an even distribution of expertise. Students who are absent will have a country assigned to them.

8/29 **Macro-economic ideas and policy I: Keynesianism and fiscal policy**

Macro-economic policies aim to influence the overall level of growth in an economy and thus affect the levels of unemployment and inflation. This class introduces the idea of trying to influence aggregate demand. It also introduces Keynesian ideas and examines fiscal policy. In this context it is central to policy debates in the US and elsewhere concerning the response to the 2008 global financial crisis and its aftermath.

Reading

Oatley, 250-55.

9/1 **NO CLASS: Labor Day**

9/3 **Macro-economic ideas and policy II: Monetarism and monetary policy**

Monetarists consider active government intervention in the economy to be less desirable than Keynesians do. Rather they prioritize price stability over a short-term boost to growth. If a short-term economic boost is desirable, they consider monetary policy to be a more effective tool than fiscal policy. The aftermath of the 2008 global financial crisis has revealed the limits of some traditional monetary policy tools and prompted use of some new ones.

Country background sheet due

Reading

Oatley; Ch 12 and 274-93.

9/5 **Social justice and the welfare state**

The market is widely regarded as being the most efficient means of generating aggregate wealth. The resulting distribution of wealth, however, may be regarded as inequitable. Income inequality has become a hot political topic in the US in the past few years. Fiscal policy can be an important tool for redistributing wealth. This class will explore different redistributive policies and introduce the 'worlds of welfare states'.

Reading

Politzane, 'Wealth Inequality in America', 2013. 6:34 available at:

http://www.youtube.com/watch?feature=player_embedded&v=QPKKQnijnsM (w)

Vinik, D. (2014), 'Pikettymania Must Stop: A Plea for Calm in the Debate Over "Capital"', *New Republic*, 27 May, Available at: <http://www.newrepublic.com/article/117914/thomas-piketlys-capital-overstated-liberals-and-conservatives> (w)

Steffton, T. (2006), 'Distributive and Redistributive Policy,' in M. Moran and R. E. Goodin (eds), *The Oxford Handbook of Public Policy*, Oxford University Press, 607-21. (t)

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9/8 Marxist ideas and policies

Although capitalist ideas are dominant in the West and in much of the world, Marxism influenced the economic development of major economies in the 20th century – most notably China and the Soviet Union. Further, ideas associated with Marxism also underpin many contemporary critiques of capitalism and globalization. This class will introduce the Marxist critique of capitalism and its understanding of the critical link between economics and politics. It will also introduce the neo-Gramscian concept of ‘hegemony.’ The economic system inspired by Marxism – communism – replaces market allocation with central planning by the state. This class presents the classical Soviet planning model and the pathologies that have caused some nominally communist governments to move towards the market. There are aspects of capitalist economies that have the character of planning.

Reading

Balaam, D. N. and Dillman, B. (2011), *Introduction to International Political Economy*, Pearson, pp. 85-99 (t).

Nove, A. (1987), ‘Planned Economy,’ *New Palgrave Encyclopedia of Economics*, Vol. 3, Palgrave, pp. 879-84. (t)

9/10 No class: TTIP event

II. DOMESTIC AND INTERNATIONAL POLICY-MAKING

The previous section of the course introduced the ideas and values that underpin economic policy decisions and identified some of the ways in which these ideas and values are manifested in policy. This section of the course introduces how ideas and values translate into policy choices both domestically and internationally.

9/12 Of preferences and policy

Most approaches to IPE assume that individuals (and firms) act in their self-interest and that the preferences and mobilization of these self-interested actors shape economic policy. There, however, other approaches that stress the extent to which policy preferences also reflect principled beliefs and identities. While it is widely accepted that societal interests are important in shaping domestic and international economic policy there are debates about whether governments have independent policy preferences or simply respond to societal demands.

Reading

Oatley, pp. 69-80; 86-7 89-92; 94-5; 99-103; 107-9.

Lake, D. A. (2006), ‘International Political Economy: A Maturing Interdiscipline,’ in B. R. Weingast and D. A. Wittman (eds), *The Oxford Handbook of Political Economy*, Oxford University Press, 763-4 (t)

Cox, R. W. (1981/1986), ‘Social Forces, States and World Orders: Beyond International Relations Theory,’ in R. O. Keohane (ed.), *Neo-Realism and Its Critics*, Columbia University Press, 234-6. (t)

Risse, T. (2002), ‘Constructivism and International Institutions: Towards Conversations across Paradigms,’ in I. Katznelson and H. V. Milner, *Political Science: State of the Discipline*, W. W. Norton, 598-604. (t)

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Milner, H. V. and Judkins, B. (2004), 'Partisanship, Trade Policy and Globalization: Is there a Left-Right Divide on Trade Policy?' *International Studies Quarterly*, 48/1, 95-103 and 114-6. (l)

9/15 Institutions and influence

Political institutions play a critical role in aggregating societal interests, and thus can affect the relative influence of different societal actors. They also determine the conditions under which governments have more or less autonomy. In addition, political institutions can determine where authority for a particular policy lies.

Reading

Lake, D. A. (2006), 'International Political Economy: A Maturing Interdiscipline,' in B. R. Weingast and D. A. Wittman (eds), *The Oxford Handbook of Political Economy*, Oxford University Press, 764-6. (t)

Oatley, pp. 81-6; 95-7

9/17 International cooperation

In the absence of an authoritative hierarchy, policy-making among states is profoundly different than that within them. This class explores ways of understanding how states take collective decisions. International cooperation is difficult to achieve for a variety of reasons, including the transaction costs of reaching an agreement and the problem of defection (cheating).

Reading

Lake, D. A. (2006), 'International Political Economy: A Maturing Interdiscipline,' in B. R. Weingast and D. A. Wittman (eds), *The Oxford Handbook of Political Economy*, Oxford University Press, 766-8. (t)

Moravcsik, A. (1993), 'Introduction: Integrating International and Domestic Theories of International Bargaining,' in P. B. Evans, H. K. Jacobson and R. D. Putnam (eds), *Double-Edged Diplomacy: International Bargaining and Domestic Politics*, University of California Press, 23-32. (t)

9/19 International institutional design

International institutions can help to address the obstacles to cooperation. This class will explore what factors shape the international institutions created to facilitate cooperation.

Reading

Keohane, R. O. (1998), 'International Institutions: Can Interdependence Work?' *Foreign Policy*, Spring, 82-96. (l)

Pollack, M. A. (2003), *The Engines of European Integration: Delegation, Agency and Agenda Setting in the EU*, Oxford University Press, 20-34. (t)

9/22 International institutions and state behavior

Although one of the purposes of international institutions is to ensure that participants adhere to their obligations, there is a lively debate in International Relations about whether international institutions actually cause states to do (not do) what they otherwise would not (would). This class explores the ways in which international institutions might affect state behavior.

Reading

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Martin, L. L. and Simmons, B. A. (2013), 'International Organizations and Institutions,' in W. E. Carlsnaes, T. Risse, and B. A. Simmons (eds), *Handbook of International Relations*, 2nd edn, Sage, pp. 336-41. (t)

9/24 Country reflection paper guidance & mid-term review

Students must submit at least two reflection papers (if three are submitted the two higher grades will count). After each section – trade policy, finance and development – students should submit a short (1 page/500 word) answer to one of the questions posed on t-square. This class will provide guidance about the form and substance of such papers and address any questions or concerns. There will also be time to answer questions in preparation for the mid-term.

9/26 Mid-term exam

The mid-term exam will cover the first two sections of the course (everything to date), including the associated readings. The exam will combine short-answer, multiple-choice and (very) short essays. Questions will be aimed at eliciting synthesis across several classes, rather than the straight regurgitation of facts.

III ISSUES AND POLICIES

9/29 Trade I: The changing nature of trade

The nature of trade from the end of the 20th century is very different from what came before. As traditional trade barriers have fallen and as regulations have proliferated, regulatory barriers to trade have increased in significance. As countries have liberalized their domestic economies foreign direct investment (FDI) and trade in services have increased dramatically. In addition, there has been a proliferation of transnational production networks. This class will survey the changing nature of trade and consider the implications for our understanding of trade politics.

Reading

WTO (2012), *World Trade Report 2012: Trade and public policies: A closer look at non-tariff measures in the 21st century*, pp. 6-15. Available at:

http://www.wto.org/english/res_e/booksp_e/anrep_e/world_trade_report12_e.pdf (w)

WTO (2013), *World Trade Report 2013: Factors Shaping the Future of World Trade*, pp. 55-7; 69-75; 78-80. Available at:

http://www.wto.org/english/res_e/booksp_e/world_trade_report13_e.pdf (w)

Elms, D. K. and Low, P. (2013) (eds), *Global Value Chains in a Changing World* (World Trade Organization), 'Forward' (P. Lamy) and 'Preface: Governance through Partnership in a Changing World' (V. K. Fung), pp. xv-xxiii. (t)

10/3 Trade II: The politics of trade

This class examines how regulatory differences affect international economic exchange. It also explores the ways in which states seek to mitigate their adverse impact on trade. These include enhancing transparency, agreeing disciplines on national regulatory processes, mutual recognition and approximation to international standards. This class examines how these approaches have been put into practice in the transatlantic relationship.

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Reading

Young, A. R. and Peterson, J. (2006), 'The EU and the New Trade Politics,' *Journal of European Public Policy*, 13/6, 795-803. (t).

Young, A. R. and Peterson, J. (2014), *Parochial Global Europe: The Politics of European Trade Policy*, Oxford University Press, pp. 157-61; 167-72 (t).

10/3 Trade III: The Politics of TTIP

The on-going Transatlantic Trade and Investment Partnership (TTIP) negotiations between the U.S. and EU is the first major trade negotiation to seek seriously to overcome regulatory differences. In addition, the transatlantic economy is uniquely interpenetrated, with unparalleled levels of foreign direct investment and intra-firm trade and extensive integration into global value chains. As a consequence, the political mobilization around the negotiations in both the US and EU is unlike that seen before. Thus T-TIP is an early manifestation of 21st century trade politics. This class will use the negotiations to gain insight into the new patterns of trade politics.

Reading

House of Lords (2014), 'The Transatlantic Trade and Investment Partnership,' European Union Committee, 14th Report of Session 2013-14, pp 5 and 7-16 (t).

Young, A. R. and Peterson, J. (2014), *Parochial Global Europe: The Politics of European Trade Policy*, Oxford University Press, pp. 172-6 (t).

10/6 Trade IV: The multilateral trading system

Since 1947 international trade has been governed by evolving international rules: the General Agreement on Tariffs and Trade (GATT) through 1994 and since then by the World Trade Organization (WTO). This class will describe the key features and achievements of the multilateral trading system, as well as identifying some challenges and tensions. This discussion illuminates some of the dynamics of international cooperation, as well as choices of institutional design.

Reading

Oatley, pp. 21-36, 43.

High Level Trade Experts Group (2011), 'World Trade and the Doha Round: Final Report,' May, Ch. 4 (pp. 45-53) (t)

10/8 Trade V: WTO dispute settlement

One of the most novel and controversial features of the WTO is its binding dispute settlement system. This class will highlight its distinctive features and explain why it is controversial. This discussion will be highlighted by case studies of pivotal rulings. This discussion helps to illustrate and clarify how international institutions affect the behavior of states.

Reading

Oatley, pp. 58-66

WTO, 'Understanding the WTO: Dispute Settlement: A Unique Contribution' at: http://www.wto.org/english/thewto_e/whatis_e/tif_e/disp1_e.htm (w)

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10/10 Trade VI: The Doha Development Round

The current multilateral trade round was launched in 2001. It is now largely moribund with only a mini-deal reached in December in 2013. This class examines the key issues and the sources of the impasse. This discussion illustrates some of the challenges of international cooperation.

Reading

Oatley, pp. 53-8.

High Level Trade Experts Group (2011), 'World Trade and the Doha Round: Final Report,' May, Ch. 3 (pp. 30-44) (t)

10/13 NO CLASS: Student recess

10/15 Trade VII: Regional integration arrangements

A distinctive feature of trade policy in the 21st century has been the proliferation of efforts at closer integration among select countries, with TTIP a particularly pronounced example. This class examines the incentives for such preferential trade agreements. It looks in detail at the most developed regional integration project: the European Union.

Reading

Oatley pp. 36-43.

WTO (2013), *World Trade Report 2013: Factors Shaping the Future of World Trade*, pp. 75-6. Available at: http://www.wto.org/english/res_e/booksp_e/world_trade_report13_e.pdf (w)

Cohen, T. H. (2012), *Global Political Economy*, 6th edn., Pearson, pp. 222-36. (t)

10/17 Finance I: Currencies and exchange rates

If goods and services go one way in international trade, money needs to go the other. Both parts of this exchange comprise a country's balance of payments. Different states or groups of states have different currencies. There are different ways that these currencies might relate to each other, known as exchange rate systems. The nature of the exchange rate system (combined with the regulation of capital flows) has implications for the effectiveness of macro-economic policy tools. This class will introduce the different exchange rate systems and explore how they affect macro-economic policy instruments.

Reading

Oatley, Ch. 202-12; 227-9.

10/20 Finance II: Exchange rate systems and currency unions

This class looks at prominent examples of currency cooperation, including the Bretton Woods System and European economic and monetary union (the euro).

Reading

Oatley, pp. 212-24; 225-7; 229-34; 241-7.

10/22 Finance III: Capital flows: Portfolio and direct investment

Since the mid-1980s there has been a massive liberalization of restrictions on cross-border capital transactions. In many respects it has been the accompanying increase in capital flows and transnational production that are the defining features of globalization. This class will

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explore the motivations for portfolio and direct investment and consider the implications for the recipient country. The class also considers the use of financial sanctions to try to influence the behavior of states.

Reading

Oatley, Ch. 8.

10/24 Finance IV: Financial crises

Although international capital is a useful source of finance, it can present problems. The rapid and extensive removal of capital from a country ('capital flight') can be destabilizing. There are also possible problems of 'contagion;' the spread of financial problems from one country to another. Until recently financial crises were primarily a developing country problem, but lately they have affected developed economies. This class explores the causes of financial crises, how they might be averted and how governments respond to them.

Trade reflection paper due

Reading

Oatley, 323-38; 234-41.

10/27 Finance V: Sovereign debt and debt crises

As we discussed earlier, governments borrow money to cover the gap between their revenues and expenditures. So long as capital markets are confident they will be repaid, this is not a problem. If governments are unable to repay their debts or if markets lose confidence in their ability to do so, the state will experience a debt crisis. This class introduces the key features and challenges associated with sovereign debt crises, as well as the various responses that have been adopted. The focus in this class will be on sovereign debt crises in developing countries.

Reading

Oatley, pp 298-310; 312-14; 316-21.

10/29 Finance VI: The Eurozone crises

While debt crises used to be considered a developing country problem, debt crises have engulfed a number of European countries in the wake of the 2008 global financial crisis. This class will analyze the similarities and differences among these multiple debt crises and consider the Eurozone's struggles to respond to them.

Reading

The Economist, 'Special Report: Europe and Its Currency', November 12 2011: Sections on 'staring into the abyss,' 'The causes,' 'Austerity,' and 'In theory.' (w)

10/31 Finance VII: Managing the global financial system

As has been evident in the preceding classes, there are a number of forms of international cooperation that have emerged to try to manage different international financial problems. This class takes a closer look at these key institutions, focusing on the G7 and the G20.

Reading

Dobson, H. (2010), 'Japan and the Changing Global Balance of Power: The View from the Summit,' *POLITICS*, 30/supplement 1, 33-42. (I)

11/3 Development I: Meanings and understandings of development

In 2000 the United Nations adopted its Millennium Development Goals (MDGs) aimed at reducing global poverty. In 2005 the G-8 Summit at Gleneagles and the UN 60th Anniversary conference highlighted development as a pressing challenge in international relations. World leaders are due to gather in September 2015 to adopt a new set of goals that build upon the MDGs. This class introduces the why underdevelopment matters and presents different ways of understanding development.

Reading

Stiglitz, J. E. and Squire, L. (1998), 'International Development: Is it Possible?' *Foreign Policy*, 110, 138-51. (I)

UN Development Goals. Read the fact sheet for each of the 8 MDGs. Available at: <http://www.un.org/millenniumgoals/>. The goals are listed in the red boxes on the right of the screen. Click on each and you will find a link to the relevant fact sheet. (w)

'Briefing: Poverty: Not Always with Us,' *The Economist*, 1 June 2013, 22-4. <http://www.economist.com/news/briefing/21578643-world-has-astonishing-chance-take-billion-people-out-extreme-poverty-2030-not> (w)

11/5 Development II: Causes of underdevelopment

In order to address under development it is necessary to understand its causes. This class introduces the arguments about the causes of under development.

Reading

Commission for Africa, *Our Common Interest*, March 2005, Executive Summary (pp. 13-17) and Chapter 2 (pp. 101-18) (t)

Oatley, 346-58.

11/7 Development III: Development strategies

Just as different intellectual traditions suggest different relationships between states and markets in developed countries, so too do they suggest different development strategies for developing countries. This class will examine these different prescriptions and consider their track-records and how the debate has changed over time.

Reading

Oatley, Chs. 6 and 7.

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11/10 Development IV: Development assistance

Developed countries seek to assist developing countries by providing official development assistance (ODA), by forgiving debt and by offering preferential market access. This class introduces these policies, discusses the strengths and weaknesses of these different approaches, and considers why developed countries pursue them. Since the 1980s development assistance in all of its forms has become increasingly subject to conditions. These conditions may concern economic policy stipulations, domestic governance or foreign policy. This class discusses what conditions are applied by whom and why.

Finance reflection paper due

Reading

Woods, N. (2005), 'The Shifting Politics of Foreign Aid,' *International Affairs*, 81/2, 383-410. (I)
Oatley, pp. 338-44.

USAID, 'Millennium Challenge Account Fact Sheet,'
http://www.usaid.gov/press/releases/2002/fs_mca.html (w)

11/12 Development V: The International Financial Institutions

The International Monetary Fund (IMF) and World Bank are the multilateral institutions primarily responsible for providing financial assistance to developing countries. This class explores their origins, discusses how they have evolved over time and what challenges they now face.

Reading

Oatley, 310-12; 315-6.

IMF, 'About the IMF,' available at <http://www.imf.org/external/about.htm> (w)

World Bank, 'About Us,' available at
<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20046292~menuPK:51123588~pagePK:50004410~piPK:36602~theSitePK:29708,00.html> (click on the links on the left) (w)

11/14 Development VI: BRICS

One of the most striking features of the contemporary global economy is the dramatic 'rise' of large developing countries, particularly Brazil, China and India. This class will explore the reasons for and the timing of their rapid rises. The enhanced economic weight of Brazil, China and India matters not only for what they can produce, consumer, borrow and lend, but also for their greater assertiveness and demands for greater representation in the institutions of global economic governance. This class will examine what their aims are with respect to global economic governance and how they have gone about realizing those aims.

Reading

Breslin, S. (2010), 'China's Emerging Global Role: Dissatisfied Responsible Power,' *POLITICS*, 30/supplement 1, 52-62. (I)

Wagner, C. (2010), 'India's Gradual Rise,' *POLITICS*, 30/supplement 1, 63-70. (I)

Sotero, P. (2010), 'Brazil's Rising Ambition in a Shifting Global Balance of Power,' *POLITICS*, 30/supplement 1, 71-81. (I)

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'Briefing: Emerging Economies: When Giants Slow Down,' *The Economist*, July 27 2013, 20-2.
<http://www.economist.com/news/briefing/21582257-most-dramatic-and-disruptive-period-emerging-market-growth-world-has-ever-seen> (w)

11/17 Energy

The global economy has long been dependent on fossil fuels -- petroleum, natural gas and coal -- to power transportation and generate electricity. Because of their economic importance access to them has security implications. Their consumption generates greenhouse gases and other pollutants. Energy therefore is central to the global economy and has wider policy ramifications. This class considers the importance of the different fossil fuels, their global distribution and trade and the associated policy implications. It also considers efforts to reduce dependence on fossil fuels.

Reading

Balaam, D. N. and Dillman, B. (2011), *Introduction to International Political Economy*, 5th edn, Pearson, pp. 495-505. (t)

11/19 Environment I: Environmental problems and cooperation

Environmental harm is a side-effect of economic activity. Efforts to mitigate environmental harm, therefore, can have distributional implications within and between countries. This class focuses on environmental problems that span national borders, specifies the problem characteristics associated with different types of environmental harm and explains how multilateral environmental agreements (MEAs) are negotiated. Along the way it will introduce the major MEAs in force in the world.

Reading

Oatley, pp.358-64; 366-7

Balaam, D. N. and Dillman, B. (2011), *Introduction to International Political Economy*, 5th edn, Pearson, pp. 507-12. (t)

11/21 Environment II: Climate change

This class will look in detail at climate change as an example of the challenges of addressing global environmental challenges. In doing so it will illustrate some of the problems of international cooperation.

Reading

Oatley, pp. 365-6

Balaam, D. N. and Dillman, B. (2011), *Introduction to International Political Economy*, 5th edn, Pearson, pp. 512-20. (t)

11/24 To be announced

This class slot is available in case we fall behind or for discussion of a significant development in the international economy.

Development reflection paper due

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11/26 No class

11/28 No class: Thanksgiving

IV WRAP UP

12/1 Globalization I: What is it?

The term 'globalization' is much used, but it can mean very different things to different people. This class explores some of the most common of these understandings and suggests a common meaning in the context of this course.

Reading

Keohane, R. O. and Nye, J. S. (2000), 'Globalization: What's New? What's Not? (and So What?),' *Foreign Policy*, Spring, 104-119. (I)

12/3 Globalization II: So what?

A central concern about globalization is the extent to which it has transformed economic policy-making. There is a lively debate about how much globalization constrains the state and how much it empowers which domestic actors. This class will discuss these debates as a way of drawing together the conceptual strands and empirical issues covered in the course.

Reading

Friedman, T. L. (1999), *The Lotus and the Olive Tree*, excerpted in N. H. Barma and S. K. Vogel (2008) (eds), *The Political Economy Reader: Markets as Institutions*, Routledge, pp 497-504 (t)

Strange, S. (1996), *The Retreat of the State* in N. H. Barma and S. K. Vogel (2008) (eds), *The Political Economy Reader: Markets as Institutions*, Routledge, pp 525-33 (t)

Rodrik, D. (1997) 'Sense and Nonsense in the Globalization Debate,' *Foreign Policy*, 107, 19-37. (I)

12/5 Revision session

I will be available during the class hour to answer substantive questions and clarify material covered during the course. This will be a student-led session.