

# INTERNATIONAL POLITICAL ECONOMY

## GOVERNMENT 58

MWF, 11:15-12:20 (x-period Tu 12:00-12:50), 104 Reed

Winter term, 2014

Instructor: Jason Sorens

Office Hours: M 1-3 & Th 9-11 & by appointment, 209 Silsby

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## Course Description

This course is an introduction to international political economy, the study of how and why international economic policies are formed, and how the international economy influences domestic politics. In order to study the politics of the global economy, it is necessary to learn a significant amount of economic theory, which we will do in regular doses throughout the course. The approach of the course is a mix of history and current events. We will examine the development of the international political-economic order since the 18th century and simultaneously compare “lessons from history” to present-day issues. We will also consider the extent to which the current global order fundamentally differs from the previous period of globalization (1815-1914). Topics covered include: foreign trade, international investment flows, monetary policy and exchange rates, foreign aid, and international organizations such as NAFTA, the WTO, the IMF, and the EU.

If you’re having trouble remembering all the terms we use in class, I recommend referring to Alan Deardorff’s online Glossary of International Economics, found in the “Course Materials” section on the class’s Blackboard site. To refresh your memory on the various economic theorems we learn in class, you can pick up any introductory textbook on international economics.

## Course Requirements and Grading

Attendance is required. You must do *all* the reading for a particular class meeting *before* that class. There will be the following assignments:

- nine in-class quizzes to test your comprehension of facts and theories, which together will count for 40% of your course grade;
- a three-page essay and participation in an in-class team debate on a topic of controversy in international political economy, the purpose of which is to allow you to apply class concepts to contemporary issues (15%);
- a comprehensive, cumulative, take-home essay final exam (45%), which must meet the standard requirements of an academic paper, including citations (see section on academic integrity below).

The quizzes will consist of short-answer questions, while the final will be in essay format. For the quizzes, I have adopted a special curve, such that the new score on your quiz ( $Y$ ) depends on the raw score on your quiz ( $X$ ) in the following way:

- If  $X < 20$ , then  $Y = 3X$ . For instance, if you get a 10/100 on your quiz, that will be converted to a 30. As usual, anything 60 and below is an F.
- If  $X \geq 20$ , then  $Y = 60 + \frac{X-20}{2}$ . For instance, if you get a 50/100 on your quiz, that will be converted to a 75 (C). I use the full grading scale with pluses and minuses.

Each quiz will cover all the reading and lectures since the previous quiz, including the reading for that day. I allow quiz makeups only for *documented* family and medical emergencies and scheduled, College-sponsored or College-recognized extracurricular events. For the latter events, you must contact me at least a week in advance of the quiz to be eligible to make it up. (You may give me a schedule of such events at the start of the term.) The two lowest quiz grades will be dropped for every student, including missed quizzes.

For take-home assignments, I do not offer extensions except in extraordinary cases of long-lasting family and medical emergencies, but you may obtain permission to submit an assignment electronically. Work that is late without an excuse will be deducted half a letter grade up to a week, a letter grade at a week, and another letter grade at each week thereafter.

The specific rules of the in-class debates will be given at a later date. However, the general format is as follows. Teams will generally consist of three students each. Each side will take a stand for or against an assigned proposition. Each member of each team will be given an amount of time in which to give his or her arguments, followed by open rebuttal time for both teams. Each student will be graded *individually* on the basis of his or her preparation and a three-page paper that must be turned in at the same time. The three-page paper should summarize what you planned to say in the debate. At the end of each debate, the class will vote on the proposition.

The final exam will be handed out on the last day of class, March 7. Your answers will be due as hard copies at my office by 4 PM on Friday March 14.

Please note the canceled classes below.

## Readings

All readings are required. Readings not drawn from the books are available on the course's Blackboard site in the "Course Materials" section. I have chosen the following books for the course, both of which are available at the bookstore:

- Frieden, Lake, and Broz (eds.), *International Political Economy* (5th ed.),
- Acemoglu and Robinson, *Why Nations Fail*.

An asterisk (\*) indicates readings that are longer or more complex and are likely to require more time.

## Academic Integrity

Dartmouth operates on an academic honor principle. Quizzes are unproctored, although I will be available to answer questions. Students who observe academic dishonesty should take some action, such as reporting the dishonesty or encouraging the student(s) responsible to turn themselves in.

Academic dishonesty includes:

1. **Examinations.** Any student giving or receiving assistance during an examination or quiz violates the Academic Honor Principle.
2. **Plagiarism.** Any form of plagiarism violates the Academic Honor Principle. Plagiarism is defined as the submission or presentation of work, in any form, that is not a student's own, without acknowledgment of the source. With specific regard to papers, a simple rule dictates when it is necessary to acknowledge sources. If a student obtains information or ideas from an outside source, that source must be acknowledged. Another rule to follow is that any direct quotation must be placed in quotation marks, and the source immediately cited. Students are responsible for the information concerning plagiarism found in Sources: Their Use and Acknowledgment, available in the Deans' Offices or at <http://www.dartmouth.edu/~writing/sources/>.
3. **Use of the same work in more than one course.** Submission of the same work in more than one course without the prior approval of all professors responsible for the courses violates the Academic Honor Principle. The intent of this rule is that a student should not receive academic credit more than once for the same work product without permission. The rule is not intended to regulate repeated use of an idea or a body of learning developed by the student, but rather the identical formulation and presentation of that idea. Thus the same paper, computer program, research project or results, or other academic work product should not be submitted in more than one course (whether in identical or rewritten form) without first obtaining the permission of all professors responsible for the courses involved. Students with questions about the application of this rule in a specific case should seek faculty advice.
4. **Unauthorized Collaboration.** Whether or not collaboration in course work (labs, reports, papers, homework assignments, take-home tests, or other academic work for credit) is permitted depends on expectations established in individual courses. Students are sometimes encouraged to collaborate on laboratory work, for example, but told to write their laboratory reports independently. Students should presume that collaboration on academic work is not permitted, and that submission of collaborative work would constitute a violation of the academic honor principle, unless an instructor specifically authorizes collaboration. Students should not presume that authorization in one class applies to any other class, even classes in the same subject area. Students should discuss with instructors in advance any questions or uncertainty regarding permitted collaboration.

With regard to the take-home final essay exam, you are permitted and indeed encouraged to work together with other students. However, the thesis you defend and arguments you make should ultimately be your own. The final exam remains subject to standard academic integrity requirements with respect to plagiarism. When I hand out the final exam assignment, I will also specify a format for citations.

## Schedule of Topics and Readings

1. Introduction and Basic Concepts

Monday January 6: No reading.

Wednesday January 8: Krugman, Paul R. (1993). "What Do Undergrads Need to Know About Trade?" *American Economic Review* 83 (2): 23-26.

2. The Economics of Trade

Friday January 10: Frédéric Bastiat, "That Which Is Seen, and That Which Is Not Seen": "I. The Broken Window."  
Bastiat, "A Petition..."

Monday January 13: Caplan, Bryan (2002). "Systematically Biased Beliefs About Economics: Robust Evidence of Judgmental Anomalies from the Survey of Americans and Economists on the Economy." *Economic Journal* 112: 1-26. (\*)

Quiz #1

Wednesday January 15: Frieden, Lake, & Broz, ch. 22 (Freeman – "Are Your Wages Set in Beijing?").

3. Political Institutions and the Economy

Friday January 17: Acemoglu and Robinson, chs. 1 & 2 (pp. 7-69).

Quiz #2

Tuesday January 21 (x-period): Acemoglu and Robinson, chs. 3 & 4 (pp. 70-123).

4. Early Development (1600s-1815) and Repeal of the Corn Laws (1846)

Wednesday January 22: Acemoglu and Robinson, chs. 7 & 8 (pp. 182-244).

Quiz #3

Friday January 24: Frieden, Lake, & Broz, ch. 5 (Schonhardt-Bailey – "Free Trade: The Repeal of the Corn Laws").

5. The Rise and Decline of Free Trade (1840s-1914)

Monday January 27: Frieden, Lake, & Broz, ch. 1 (Krasner – "State Power and the Structure of International Trade"). (\*)

Wednesday January 29: Nye, John V.C. (2003). "The Myth of Free Trade Britain." *Library of Economics and Liberty* ([www.econlib.org](http://www.econlib.org)).

Quiz #4

Friday January 31: Frieden, Lake, & Broz, ch. 20 (Rogowski – "Commerce and Coalitions").

Monday February 3: Acemoglu and Robinson, chs. 9 & 10 (pp. 245-301).

6. The Evolution of the Classical Gold Standard (1815-1914)

Wednesday February 5: Frieden, Lake, & Broz, ch. 14 (Eichengreen – "Hegemonic Stability Theories of the International Monetary System") (\*)

Quiz #5

*No class Friday February 7.*

- Monday February 10: Frieden, Lake, & Broz, ch. 16 (Frieden – “Globalization and Exchange Rate Policy”)
7. The Rise of Economic Nationalism (1914-1930)  
Tuesday February 11 (x-period): Frieden, Lake, & Broz, ch. 21 (Alt & Gilligan – “The Political Economy of Trading States”) (\*)  
Wednesday February 12: Douglas Irwin, *Peddling Protectionism: Smoot-Hawley and the Great Depression* (PUP, 2011), pp. 11-29, 42-56, 59-79, 91-98.  
*Quiz #6*
8. War, Depression, and Financial Instability (1914-1945)  
Friday February 14: Bernanke, Ben S. (2004). “Money, Gold, and the Great Depression,” H. Parker Willis Lecture in Economic Policy, Washington and Lee University, Lexington, Va., March 2.
9. Bretton-Woods and Postwar Expansion (1945-1960s)  
Monday February 17: Selections from *Choice in Currency: A Way to Stop Inflation* by F.A. Hayek et al. (pp. 9-29)  
*Debate teams and topics announced*  
*Quiz #7*  
Wednesday February 19: Frieden, Lake, & Broz, ch. 24 (Bailey, Goldstein, & Weingast – “The Institutional Roots of American Trade Policy”) (\*)
10. Financial Globalization and the Collapse of Bretton-Woods (1970s-)  
Friday February 21: Frieden, Lake, & Broz, ch. 18 (Schmukler – “Financial Globalization”)  
*Debate: Team Ricardo vs. Team Marshall*
11. Institutions and Development Today  
Monday February 24: Acemoglu and Robinson, chs. 13 & 14 (pp. 368-427)  
*Debate: Team Huntington vs. Team Olson*
12. Multinational Corporations  
Wednesday February 26: Frieden, Lake, & Broz, ch. 9 (Caves – “The Multinational Enterprise as an Economic Organization”)  
*Quiz #8*  
*Debate: Team Keynes vs. Team Hayek*  
Friday February 28: Bair, Jennifer and Gary Gereffi (2001). “Local Clusters in Global Chains: The Causes and Consequences of Export Dynamism in Torreon’s Blue Jeans Industry.” *World Development* 29 (11): 1885-1903.  
*Debate: Team Polanyi vs. Team Friedman*
13. The IMF and Foreign Aid, International Organizations  
Monday March 3: Frieden, Lake, & Broz, ch. 23 (Deardorff & Stern – “What You Should Know About Globalization and the World Trade Organization”)  
*Debate: Team Schumpeter vs. Team Samuelson*

Wednesday March 5: Easterly, William (2006). “Why Doesn’t Aid Work?,” cato-unbound.org, April 3rd.

*Quiz #9*

14. Globalization and Social Agendas

Friday March 7: Frieden, Lake, & Broz, chs. 12 (Drezner – “Globalization and Policy Convergence”) and 29 (Frankel – “Globalization and the Environment”)

*Debate: Team Dahl vs. Team Stigler*

*Debate: Team Buchanan vs. Team Arrow*