

Capitalist Crises, Power, and Policy

POSC 265 – Winter 2015

Carleton College

(Mon. & Wed. 9:50-11:00am, Fri. 9:40-10:40am)

Willis 211

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Office Hours: Mon. 2-4pm & Thurs. 2-4pm and by appt.

Course Description

This course introduces students to the interaction between politics and economics, both on the domestic (comparative) and global (international) levels of analysis. The first half of the course focuses on comparative political economy, discussing such topics as the welfare state, economic development and management of financial crisis. The second half of the course will explore the international political economy, covering such topics as international economic institutions, trade, foreign direct investment, and global poverty reduction.

Course Requirements and Expectations

This course will cover a large amount of material. Typically readings will average around 100 pages a week, although this may be higher in certain weeks (so plan ahead accordingly). You are expected to come to class having read the material, and prepared to discuss the topics for the day.

Any plagiarism, copying other student's work, etc. is considered cheating and will be referred to the college for disciplinary action. Please review the website on Academic Integrity at <https://apps.carleton.edu/campus/doc/integrity/> or talk to me if you have any questions.

Texts

Almost all of the readings for this course will be provided electronically. I encourage students to print out the course materials at the beginning of the course and read them in paper format rather than electronically, as this facilitates note taking, better retention of the material, and is easier to reference in class discussion.

There is one required text for purchase in the Carleton bookstore – this is a popular press book “The Big Short” by Michael Lewis on the run up to the financial crisis/Great Recession of 2007-2009.

Grading

Your grade will be based on the following:

2 Exams	30%
Class Participation and Attendance	10%
2 Response Papers	40%
2 Debates	20%
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Total	100%

Exams - 30%

We will have two in-class exams (15%) each covering each of the sections of the course. While the second exam on the last day of class will primarily cover the IPE section, some questions may come from the CPE section as well.

Class Preparation, Attendance and Participation - 10%

Attendance and participation is required. In preparation for each class, you are expected to come to class having read and thought about the readings for the day. You should prepare on a 3 by 5 in. note card two comments:

1. A question, comment or criticism based on the reading(s) for the day.
2. A policy prescription of some kind that builds off the readings for the day¹.

We will begin each class session to cover some of the questions and policy prescriptions that you have had for the readings for that day. After this discussion, you will submit your notecard, which I will grade in a simple check/no check system – you will not receive a check for the day if you either fail to turn in a note card or after looking at your note card I think you have not actually done the reading. I will not accept late note cards – if you can't be in attendance that day, have a classmate bring your card on your behalf or turn it in to me early.

Both note cards and in class participation will each count for 5% of your overall grade.

¹I realize that some readings will lend themselves more readily to a policy prescription than others. My goal with this is that I want you to connect the readings back to real world policy debates.

2 Response Papers - 40%

For each class you will notice a question prompt at the bottom of the readings. On two days of your choosing prepare a 7–9 page response paper on the readings. One of your responses must come from the CPE section (first half) of the course, and the other from the IPE section (second half). Other than that, you are free to respond to any day you choose. However, you will be required to choose the date you wish to respond to by January 7, which will be a strict deadline that you cannot change. These response papers are expected to be well-researched (including numerous outside sources – 10 for a bare minimum), and have a clear hypothesis. Your response paper will be due by email at 11:59pm on the day prior to the reading (in other words, if you are doing the response paper for Jan. 26, the due time is 11:59pm on Jan. 25).

Debate Papers and Participation - 20%

We will have two class debates at the end of each section of the course – I will post on Moodle a guideline for the debate well in advance of the debate date. In preparation for the debate, you will prepare a short memo (no more than 2-3 pages) outlining your position in the debate and talking points. You will be evaluated both by your memo and your participation in the debate itself. Your memo will be due by email at 11:59pm on the day prior to the debate.

Course Policies

Grading Policies

I will assign grades using the following scale : A (93.33), A- (90), B+ (86.67), B (83.33), B- (80), C+ (76.67), C (73.33), C- (70), D+ (66.67), D(63.33) D- (60) F (Below 60). I do not round your final grade up or down (so if you receive a 93.327, you will receive an A- for a final grade).

Additional Grading Policies:

1. I will not receive grade complaints if more than one week has passed after the assignment has been returned to you. Before I review your grade you must first:
 - Wait 24 hours.
 - Schedule a time to meet with me to discuss your grade.
 - Submit a formal appeal in writing (email is sufficient–but be clear that it is the appeal in the subject heading) that clearly identifies content in the assignment and the reasons why you think your grade should be changed. These appeals should refer to specific things in the assignment, and not to vague reasons like “I worked really hard.”

The second grade, whether higher or lower, will become your grade on the assignment.

2. Late assignments are not tolerated. Your grade will be lowered 5 points for each day it is late. That is if the assignment is due on Wednesday at 9:50 am and you turn it in sometime between 9:51 am and Thursday 9:50 am, the highest grade you can achieve is 95.
3. The **ONLY** acceptable (not penalized) excuses for not completing an assignment on time are family emergencies or illnesses. However, in these cases, I will arrange to give you extra time **ONLY** if you communicate with me **BEFORE** the assignment is due and you provide **DOCUMENTATION** of the circumstance.

Electronics in Class Policy

You are welcome to bring digital equipment (laptop, ebook reader, etc.) to class. However, I expect you to be responsible in your use of electronic equipment: please avoid visiting social networking sites, or otherwise browsing the internet on sites unrelated to the course. Individuals who abuse this privilege will be asked to turn off their computer. Please turn off all cell phones during class. If I notice that the use of an electronic device is distracting you in class, your participation grade will suffer.

Disability-Related Accommodations

It is the policy of Carleton College to provide reasonable accommodations to students with documented disabilities. Students, however, are responsible for registering with Disabilities Services, in addition to making requests known to me in a timely manner. If you require accommodations in this class, please make an appointment with me as soon as possible (during the 1st week of the semester), so that appropriate arrangements can be made. The procedures for registering with Disabilities Services can be found at <http://apps.carleton.edu/disabilityservices/>.

Course Schedule

Readings should be completed prior to class. I reserve the right to make changes to the course schedule. I will alert you to any changes made in class, via email, and I will post the updated syllabus on Moodle.

Jan. 5: Course Introduction and Approaches to Political Economy

Jan. 7: Origins of the Welfare State

- Peter Lindert. *Growing public: Social spending and economic growth since the eighteenth century*. Cambridge University Press, 2004, Volume 1, Chapters 1-2 (pgs. 3–36).
- No response item for today.

Jan. 9: Inequality and Social Spending

- Walter Korpi and Joakim Palme. Robin Hood, St. Matthew, or simple egalitarianism? Strategies of equality in welfare states. In Patricia Kennett, editor, *A handbook of comparative social policy*, pages 153–179. Edward Elgar, 2004
- Why do you think the “Robin Hood paradox” exists? Why do those countries which have the highest inequality have the least amount of redistributive social spending?

Jan. 12: Varieties of Capitalism

- Peter A. Hall and David Soskice. An introduction to varieties of capitalism. In Peter A. Hall and David Soskice, editors, *Varieties of Capitalism: The institutional Foundations of Comparative Advantage*, pages 1–68. Oxford University Press, 2001
- Choose one country that Hall and Soskice classify as either a CME or an LME. What are the various political and economic institutions that exist in your country, and how do these institutions complement each other? Do you see any institutions in the country you are examine that do not fit the VoC framework?

Jan. 14: Democracy and Social Spending

- Carles Boix. *Democracy and Redistribution*. Cambridge Univ Press, 2003: Chapter 5: Democracy and the Public Sector 171–203.
- Choose any country that has democratized in the last 30 years. Do you feel that social spending in this country has changed in the manner suggested by Boix? Why or why not?

Jan. 16: International Trade and Social Spending

- Dani Rodrik. Why do more open economies have bigger governments? *Journal of Political Economy*, 106(5):997–1032, 1998
- Make a comparison (either between two similar countries or a single country in two different time periods). How does social spending relate to trade openness in the comparisons you are making? How do your findings relate to the readings today?

Jan. 19: Social Policy in Developing Countries

- Isabela Mares and Matthew E Carnes. Social policy in developing countries. *Annual Review of Political Science*, 12:93–113, 2009
- Erik Wibbels. Dependency revisited: International markets, business cycles, and social spending in the developing world. *International Organization*, 60(02):433–468, 2006
- Pick a country with a per capita GDP (at PPP) of less than \$10,000 USD per year. Evaluate the size of social spending in this country, and any trends over the previous 20 years. Do you think conditions will be favorable to a larger level of social spending in this country in the future?

Jan. 21: Dependency Theory and Import Substitution Industrialization

- Henry J Bruton. A reconsideration of import substitution. *Journal of Economic Literature*, pages 903–936, 1998
- Pick a country that utilized at least some of the development strategies of ISI prior to the 1980s. Are there any aspects of this strategy that were successful, or was this particular development strategy a complete failure? What lessons can you glean from your particular case?

Jan. 23: Washington Consensus

- John Williamson. What should the World Bank think about the Washington Consensus? *The World Bank Research Observer*, 15(2):251–264, 2000
- Dani Rodrik. Goodbye Washington Consensus, Hello Washington confusion? A review of the World Bank’s “Economic growth in the 1990s: Learning from a decade of reform”. *Journal of Economic literature*, 44(4):973–987, 2006
- Examine the points on the Washington Consensus on pg. 978 of Rodrik. Pick one of these points (preferably one of the first 10) and discuss the extent to which this particular policy may or may not contribute to the current controversy surrounding Washington Consensus development strategies. Are there any ways that you see that a developing country could incorporate this particular policy successfully?

Jan. 26: Export Oriented Industrialization

- Joseph E Stiglitz. Some lessons from the East Asian miracle. *The World Bank Research Observer*, 11(2):151–177, 1996
- Choose one of the countries which is usually held up as a successful example of EOI. Do you feel that the development model employed by this country is replicable by other developing economies? Why or why not?

Jan. 28: Democracy and Economic Growth

- Robert J Barro. Rule of law, democracy, and economic performance. *2000 Index of Economic Freedom*, pages 31–51, 2000
- Choose any country that has democratized in the last 30 years. Compare economic growth in this country before and after democratization. Have there been any other changes in the country that would be in line with conditions causing economic growth? (such as stronger rule of law, greater education expenditure, or public good provisions)? On the whole would you say democracy has improved, hurt or had no influence on economic conditions in the country you are examining?

Jan. 30: Lessons from the Rise of China

- Franklin Allen, Jun Qian, and Meijun Qian. Law, finance, and economic growth in China. *Journal of Financial Economics*, 77(1):57–116, 2005
- To what extent is China’s growth model replicable by other developing economies? Is there such a thing as a “Beijing Consensus” of economic growth, with policy prescriptions for other developing economies?

Feb. 2: The Great Recession

- Lewis, Michael. (2010). *The Big Short*. Norton.
- What is one policy prescription that you feel could have either prevented or at least mitigated some of the negative effects of the financial crisis/Great Recession of 2007-2009?

Feb. 4: Class Debate/ Discussion on Financial Crisis

- No required readings.

Feb. 6: CPE Exam in class

Feb. 11: Theories of International Relations and Globalization

- Jack Snyder. One world, rival theories. *Foreign Policy*, 145:53–62, 2004

- Robert G Gilpin. The richness of the tradition of political realism. *International Organization*, 38(02):287–304, 1984
- No response paper option for today.

Feb. 13: Origins of the Contemporary International Economy

- Jeffrey A Frieden. The modern capitalist world economy: A historical overview. In *The Oxford Handbook of Capitalism*, pages 17–37. Oxford University Press, 2012
- Why do you think that globalization has expanded so rapidly, especially in the 20th century?

Feb. 16: Overview of International Trade

- Alan V. Deardorff. Overview of the Stolper-Samuelson Theorem. In Alan V. Deardorff and Robert M. Stern, editors, *The Stolper-Samuelson Theorem: A Golden Jubilee*, pages 7–34. University of Mich, 1994 – Focus on the general theory prior to “proofs” starting on pg. 21.
- Pick any country in the world. What are this country’s five largest trading partners (and what is the total percentage of trade that it conducts with each)? Why do you think this country trades more with these particular countries?

Feb. 18: Trade and Domestic Politics

- Ronald Rogowski. Political cleavages and changing exposure to trade. *The American Political Science Review*, pages 1121–1137, 1987
- Examine a case where two or more countries attempted (successfully/unsuccessfully or current) a free trade agreement. Pick one of the countries party to this FTA, and discuss which sectors of the economy or most in favor or opposed to the FTA. How successful were they in shaping the debate around the FTA, and to what extent do their actions seem to be in line with the arguments of Rogowski?

Feb. 20: Trade and Democracy

- Helen V Milner and Keiko Kubota. Why the move to free trade? democracy and trade policy in the developing countries. *International organization*, 59(01):107–143, 2005
- John S Ahlquist and Erik Wibbels. Riding the wave: World trade and factor-based models of democratization. *American Journal of Political Science*, 56(2):447–464, 2012
- Do you feel that democracy helps or hinders trade? Answer this question by comparing two similar countries or a single country in two different time periods.

Feb. 23: International Governance of Trade

- Alan V Deardorff and Robert M Stern. What you should know about globalization and the World Trade Organization. *Review of International Economics*, 10(3):404–423, 2002
- Examine one of the GATT or WTO trade rounds since the first in 1947. Who was most in support of the agreements achieved in this round, and who was in opposition. Do you feel that supporters/detractors match the potential winners/losers of globalization? Why or why not?

Feb. 25: History of the Global Supply Chain

- John H Dunning and Sarianna M Lundan. *Multinational enterprises and the global economy*. Edward Elgar Publishing, 2008, Chapter 6, pgs. 145–197
- Examine a large MNE that produces a popular consumer product that is produced in many different countries (Apple might be an appropriate choice). Which processes in the supply chain are completed in each country, and which processes create the largest economic benefit for the host country?

Feb. 27: Trends and Changes in FDI

- John H Dunning and Sarianna M Lundan. *Multinational enterprises and the global economy*. Edward Elgar Publishing, 2008, Chapter 2, pgs. 17–62
- Pick a country in the OECD and track this country’s FDI outflows over time. Historically where have investors from this country invested abroad, and has there been any change? What factors do you feel influence where investments from this country have gone to?

Mar. 2: Globalization and Poverty

- Robert Hunter Wade. Is globalization reducing poverty and inequality? *World Development*, 32(4):567–589, 2004
- Pick a developing country (GDP per capita at PPP less than \$10,000 USD). Do you feel that globalization has helped or hurt the poor in this particular country?

Mar. 4: The IMF and Poverty Reduction

- James M Boughton and Domenico Lombardi. *Finance, Development, and the IMF*. Oxford University Press, 2009, Chapters 2-3, pgs. 15–63.
- One of the most contested aspects of IMF lending has been the use of “conditionalities.” Discuss the use of conditionalities, and whether you feel there are ways that the IMF could successfully incorporate conditionalities.

Mar. 6: Globalization and the Environment

- Jeffrey A Frankel. The environment and globalization. *NBER Working Paper Series*, 2003
- Do you feel that the relative decline of the United States as a political and economic actor makes it more or less likely to achieve international agreement and cooperation on the issue of climate change?

Mar. 9: Class debate on the future direction of globalization.

- No required readings.

Mar. 11: IPE Exam in Class