Political Science 265
Winter 1999
T Th 2:30PM-4:15PM, Sayles 253

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THE POLITICS OF GLOBAL ECONOMIC RELATIONS

Political Science 265 deals with the politics of international economic relations. Given the rising importance of economic issues in world affairs, with the potential for both conflict and cooperation among developed and developing states, the question of how to address these issues will take center stage in the international arena of the 1990s. Although the substance of the issues are economic, the decisions made are political. This course is designed to break through the artificial barriers set between world politics and international economics, in an attempt to present a unified whole.

Before going further, a caveat is in order. This is NOT a course in international economics, however a background in economics is extremely helpful in understanding the substantive issues. The premise of this course is that choices over economic strategy are inherently political, and are the preserve of study for the political scientist as well as the economist.

COURSE OBJECTIVES AND STRUCTURE

In evaluating the politics behind the alternatives chosen, it is important to outline the three subfields of the emergent discipline of international political economics. They are: 1) international trade policy; 2) international monetary relations; and 3) economic development strategy. We will attempt to provide an overview of major politico-economic developments since the mid- 19th century, with special attention given to the role that economic challenge and conflict has had on the evolution of the international system and state domestic politics. We will further attempt to provide a framework for analysis that social scientists in the field can use in studying important politico-economic developments in the future.

The theoretical orientation of the course is historical-structural, with emphasis the "reversed second image" impact of changes in international system structure on the domestic state politics. By this, I am saying that the expansion or contraction of the world economy conditions the choices presented to domestic political actors. This is not to say that structure determines political action, but it raises or lowers the opportunity costs of economic openness or closure. Furthermore, one cannot hope to explain world economic expansion or contraction without understanding economic developments in time and space. The role of changes in "leading sector" technology and "uneven development" among states are important in this regard.

It is vital to keep up with the assigned readings in the course. Some lectures will closely parallel and clarify the readings, others will introduce new material designed to make larger points and draw inferences that cannot be appreciated if you have not seen the literature. Students are expected to keep abreast of major events in international economic relations. The Economist, The Wall Street Journal, and The New York Times are excellent sources. There are also a number of scholarly journals dealing with international political economy and international economic issues.

ASSIGNMENTS

There will be four exams, each consisting of a six-to-seven-page essay, and two abstracts of data-based journal articles to be divided as follows:

Exams (take-home; four 6-7-page essays - 19% each)	76%
Class participation	18%
Abstracts (two; one-to-two pages apiece on IPE-related topic)	6%

The essay questions I for the exams will be distributed at least five days prior to the due date and will cover material currently being discussed. Exams will always be due by 5PM of the due date. All late exam essays are subject to a one-third-grade deduction penalty per day (e.g., a "B+" paper shall receive a "B" if one day late, a "B-" if two days late, and so on).

As part of the class participation portion of the grade, student volunteers will give brief outlines of the class readings (e.g., if three readings are assigned for a class, there will be three reviewers - one for each reading). All students should come to class with three to five questions, based on the topic of the readings, which will serve as points of departure in class discussions. Vigorous discussion is an important part of your grade.

TEXT BOOKS

Books used for the course, in addition to journal articles and chapters in the coursepack, are:

Rogowski. *Commerce and Coalitions: How Trade Affects Domestic Political Alignments* (1989)

Schwartz. *States versus Markets: History, Geography, and the Development of the International Political. Economy* (1994)

COURSE OUTLINE

I. Introduction to the Politics of Global Economic Relations

January 17

"[Globalization] Schools Brief" series, *The Economist* (Oct. 18, 25; Nov. 1, 8, 22; Dec.6, 1997)

Frieden & Lake, "Introduction: International Politics and International Economics," in Freiden & Lake, ed., *International Political Economy: Perspectives on Global Power and Wealth*, 3rd. ed. (1995): 1-16.

II. Perspectives of International Political Economy

Balaam & Veseth (1996): 21-76.

January 19

Thompson, *On Global War: Historical-Structural Approaches to World Politics* (1988): 54-60; 243-247.

Gilpin, *The Political Economy of International Relations* (1987): 72-117.

Thompson, *On Global War: Historical -Structural Approaches to World Politics* (1988): 121-145.

III. Development of the World Economy

January 21

Schwartz (1993): 43-109.

Gleason [book review], "Powelson, *Centuries of Economic Endeavor* (1994)," in *Journal of Economic Literature* (March 1996): 176-177.

January 23/24

Rogowski (1989): 3-60.

Schwartz (1993): 110-129.

Exam I - Theoretical perspectives of IPE and uneven growth (due by January 25)

A. Political Economy of Trade

January 26

Gourevitch, Politics in Hard Times: Comparative Responses to International

Economic Crises (1986): 71-123.

Rogowski (1989): 61-87.

January 28

Rogowski (1989): 88-128.

Skidelsky, *The Road From Serfdom: The Economic and Political Consequences of the End of Communism* (1995): 96-116.

January 30/31

Krugman & Obstfeld, *International Economics: Theory and Eglicy*, 2nd ed., (1991): 20-23.

"Deep in the heart of NAFTA," *The Economist* (Feb. 28, 1998): 31-33.

Lane, "Time For Another Round: A Survey of World Trade," *The Economist* (Oct. 3, 1998): 3-38.

"A question of preference: Do regional trade agreements encourage free trade?" *The Economist* (Aug. 22, 1998): 62.

February 2

Nunn, "The Rational Choice Approach to IPE," in Balaam & Veseth (1996): 77-101.

Moore, "The Rise and Fall of Big Steel's Influence on U.S. Trade Policy," in Krueger, ed., *The Political Economy of Trade Protection* (1996): 15-34.

Carbauah, *International Economics*, 3rd ed., (1989): 98-109.

Krugman & Obstfeld, *International Economics: Theory and Policy*, 2nd ed., (1991): 263-272.

Tyson, "From MOSS to Motorola and Cray: Managing Trade by Rules and Outcomes," in King, ed., *International Economics and International Economic Policy: A Reader*, 2nd ed. (1995): 33-43.

Root, *International Trade and Investment*, 6th ed., (1990): 118-119, 122, 125-130.

Exam II - Politics of Free Trade and Protection (due by February 12)

B. International Monetary and Macroeconomic Relations

February 4

Balaam & Veseth (1996): 126-146.

"Getting out of fix," The Economist (Sept. 20, 1998): 89.

Eichengreen, "Hegemonic Stability Theories of the International Monetary

System," in Freiden & Lake, ed., International Political Economy: Perspectives on Global Power and Wealth, 3rd. ed. (1995): 230254.

February 9

Walter, *World Power and World Money: The Role of Hegemony and International Monetaly Orde* (1993): 85-112; 126-140.

Calleo, "The Atlantic Alliance and the World Economy," in Frieden & Lake, ed.,*International Political Economy: Perspectives on Global Power and Wealth*, 2nd ed. (1991): 255-276.

Frieden, "Invested Interests: The Politics of National Economic Policies in a World of Global Finance," *International Organization* (Autumn 1991): 425-451.

February 11

Woodall, "Who's in the driving seat? A Survey of the World Economy," *The Economist* (Oct. 7, 1995): 1-38.

February 16

Webb, "Understanding Patterns of Macroeconomic Policy Co-ordination in the Post-War Period," in Stubbs & Underhill, *Political Economy and the Changing Global Order* (1994): 176-189.

"Euro Brief" series, *The Economist* (Oct. 17, 24, 1998).

Mundell, "The Case for the Euro - II," *Wall Street Journal* (March 25, 1998): A22.

"Euro Brief" series, *The Economist* (Nov. 14; Dec. 5, 1998).

February 18

Milner & Keohane, "[Introduction]," in Keohane & Milner, ed., *Internationalization and Domestic Politics* (1996): 15-22.

Frieden & Rogowski, "The Impact of the International Economy on National Policies: An Analytical Overview," in Keohane & Milner, ed., *Internationalization and Domestic Politics* (1996): 25-47.

Shirk, "Internationalization and China's Economic Reforms," in Keohane & Milner, ed., *Internationalization and Domestic Politics* (1996): 186206.

Exam III - International Monetary System: in search of stability (due by March 1)

February 23

Krugman, "Currency Crises" (1997)

www.stern.nyu. edu/-nroubini/asia/AsiaHomepage.html

Winters, "Asia and the Magic of the Marketplace," *Current History* (December, 1998): 418-425.

"Reviving Japan," The Economist (Sept. 26, 1998): 21-23.

"Epidemic? As Currency Crisis Spreads, Need for a Cure Grows More Pressing," *Wall Street Journal* (Aug. 24, 1998): A I, A6.

"Hard Calls: Devalue? Cut Rates'? While Brazil Agonizes, The U.S. Makes a Move," *Wall Street Journal* (Oct. 16, 1998): A 1, A 10.

Kapstein, "Global Rules for Global Finance," *Current History* (November 1998): 355-360.

February 25

"Would-Be Keynes Vie Over How to Fight Globe's Financial Woes," *Wall Street Journal* (Aug. 25, 1998): Al, A6.

"Two kinds of openness," *The Economist* (Sept. 12, 1998): 92.

Driscoll, "What Is the International Monetary Fund?" (1998): 1 -10,

www.imf.org/external/pubs/ft/exrp/what.htm

"A Lender of Last Resort?" *Wall Street Journal* (Oct. 29, 1998): A22.

III. The Global South in the World Economy

Kukreja, "The Development Dilemma: NICs and LDCs," in Balaam & Veseth

(1996): 311-337.

March 2

Haggard, *Pathways From the Periphery: The Politics of Growth in the Newly Industrializing Countries* (1990): 9-22.

Schwartz (1993): 259-279.

March 4

Haggard, *Pathways From the Periphery: The Politics of Growth in the Newly Industrializing Countries* (1990): 23-48.

Wade, "The Visible Hand: The State and East Asia's Economic Growth," *Current History* (December 1993): 431-440.

"The Asian Miracle: Is it over?" *The Economist* (March 1, 1997): 23-25.

March 9

Woodall, "War of the Worlds: A Survey of the Global Economy," *The Economist* (Oct. 1, 1994): 1-38.

Exam IV - Currency crises and development strategies of the Global South (due by March 15)