

International Political Economy (PSC 2439)

Professor Stephen B. Kaplan

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Class Meetings

Tuesday and Thursdays 11:10am-12:25pm

Phillips Hall, 801 22nd Street NW B152

Washington, DC 20052

Office Hours

470 Monroe Hall (2115 G Street)

Thursday 1:00-3:00pm, or by appt.

Course Goals and Descriptions:

This course is designed to introduce you to the study of international political economy. By the end of the course, you should have a fundamental understanding of the major theoretical approaches and key conceptual and substantive issues (including the politics of trade, monetary relations, finance, economic development, and globalization) in the field of international political economy.

With deepening globalization in recent years, the interplay between states and markets has become a central force in shaping international economic affairs. Faced with growing pressures from a global market, states are confronted with the challenge of providing social safeguards to their citizens. Globalization refers to a wide range of issues within trade, finance and development processes: including the growth and distribution of wealth, basic human security, and cultural norms. While globalization can clearly be a force for social and economic development, it also presents several risks to human security and well being, ranging from national-level job losses and financial contagion to a terrorist resurgence and global emissions spikes. This course focuses heavily on both globalization's opportunities and challenges by examining the complexities of governing in an interdependent world.

The structure of the course is provided by lectures and readings, but only through active intellectual engagement with the material will you make significant progress in understanding this highly complex and rapidly changing subject. It is important to think critically and deeply about these issues, and challenge one another by discussing the subject matter. *Be prepared to work hard and learn a lot!*

Prerequisites: EC 1011 and EC 1012 or their equivalents are prerequisites for this course. Students requesting an exception should see the instructor upon entering the class.

Learning Objectives:

- Know basic elements of political economy and their application to contemporary political and economic debates.
- Comprehend diverse theoretical perspectives on political economy issues.
- Apply these theoretical perspectives to empirical material.
- Develop an understanding of substantive issues of the politics of international trade, monetary relations, finance, economic development, and globalization.

Class Policies:

Please respect the following policies, which are intended to ensure that everyone in this class has an interesting and enjoyable learning experience:

Attendance: Students are *expected to attend all class* sessions unless documentation is given excusing an absence for medical, religious or personal reasons, or for official university business. Students must notify the instructor as soon as possible (preferably in advance) of the reason for the absence. Please come to class on time.

Policy on Religious Holidays: You should notify me during the first week of the semester of your intention to be absent from class on a day(s) of religious observance. If an assignment falls on a day you will be observing a religious holiday, we will work together to find an alternative time to complete the assignment. Please communicate with me about holidays in advance of the original due date. I do not intend to observe any religious holidays.

Expected Time Allocated per Week: In addition to the 2.5 hours of class time per week, students should anticipate investing 5-7 hours reading and preparing for this class during an average week. The amount of assigned readings varies from week to week. When you have a lighter workload, I also encourage you to be pro-active in your preparation for coming weeks. Finally, when preparing for policy briefings, midterms, or final exams, students are expected to devote considerably more time to their weekly studies.

Participation: Class participation is encouraged. In order to foster an environment of constructive participation, I *strongly recommend* you read the assignments in advance of class and be ready to engage in the subject. Advanced preparation will help you benefit from the lectures more readily and actively engage in class discussions. You should also use these discussion forums as opportunities to enhance your communication skills: you should aim to build logical arguments, with sound evidence, and explicit consideration of alternative perspectives.

Blackboard: This course will use the Blackboard system. Many readings and announcements will be posted on Blackboard (for readings, see “Supplemental Readings”). I strongly encourage you to make sure you have access to and are familiar with the Blackboard system as soon as possible. *I will also post on Blackboard the additional readings that are not included in the class textbooks. **I may adjust the readings as necessary – you are responsible for any changes to the readings.***

Cell Phones and related devices: Before you enter the classroom, turn off all cell phones, pagers, blackberries, and other devices.

Email: If you have lengthy questions or comments about the course, I encourage you to come talk to me in person. In addition to regular office hours, I am happy to set up appointments to meet with you. Please keep email communications brief.

Laptops: You are welcome to bring a laptop to class, but the volume must be set to “mute.”

Late Work: Late assignments will lose one third of a full grade (e.g., from an A to a A-, to B+ etc.) for each day after the deadline. There are only two exceptions to the late-assignment policy: illness or family emergency. If either of these circumstances applies, you must provide written documentation (such as a doctor’s note if you are ill), and you must communicate with me before

the assignment is due (i.e., emailing me on the morning the assignment is due and saying you are sick is not acceptable for avoiding a penalty). I am willing to accommodate documented requests, but you must communicate with me before the assignment is due.

Academic Integrity: I expect full compliance with the GW Code of Academic Integrity, which states in part: “Academic dishonesty is defined as cheating of any kind, including misrepresenting one’s own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information.”

For the remainder of the code, see: <http://www.gwu.edu/~ntegrity/code.html>. If you are unsure about any aspect of this policy the Writing Center (<http://www.gwu.edu/~gwriter/>) can provide assistance on citation or other aspects of writing papers. Claiming ignorance about how or when to cite sources is not an excuse for academic dishonesty.

Course Format and Requirements:

Case Study Method: We employ the case study method in this class, which is intended to help you analytically progress from the main theoretical and substantive topics of this course to applied challenges confronting leading business, non-profit, and government organizations. In completing your policy/executive briefings, you will assume the role of the decision maker. You will quickly find that there are no simple solutions. However, by exchanging perspectives, countering and defending your views, and collaborating within your groups, you will improve your ability to analyze and solve problems – a key asset to develop for both your academic and professional career.

Two Policy/Executive Briefings: Students will work in small groups on two globalization case studies: *The Future of Money: Give Bitcoin a Chance?* and *Congo’s Conflict Minerals*. Student groups will prepare a *two-page executive briefing* offering a recommended course of policy action for each case study, due in class on April 4th and April 18th.

Policy Briefing Primers: You should use the following template (which we will discuss in further detail in class this semester) to write your two-page policy briefings.

1. *Bottom line:* Your policy briefing should offer a recommended course of action for the case study.
2. *Coherent Story:* Your briefing should have an introduction, body, and conclusions, just like a paper.
3. *Introduction:* What is the problem? Why is it important? What is your one-sentence bottom-line?
4. *Body:* You should explicitly identify your policy recommendations and their expected effect. Why is your proposed course of action better than alternative policy solutions? Make sure to outline concrete, alternative actions and present supporting evidence for your policy choice.
5. *Conclusion:* What are the broader implications of your recommendations?

For each of the two cases, I will also send you a copy of a case questions over Blackboard. Please see below for some sample questions from the first case, *The Future of Money: Give Bitcoin a Chance?*.

- 1 What would be the relative costs and benefits of adopting Bitcoin compared to using more traditional paper currencies backed by gold, silver, or central banks (i.e. gold standard, Bretton Woods, and today's Bretton Woods junior system)? Could Bitcoin provide a successful medium of exchange? Would it offer a reliable store of value?
- 2 What are the policy implications of a potential economy-wide adoption of Bitcoin? Does it increase or decrease the likelihood of currency volatility, inflation, and speculative bubbles?

In addition to the written assignment, groups will also present and debate their proposals during class. In preparation for this exercise, I will lead an in-class case study analysis on the politics of the Chinese exchange rate on February 21st.

Class Discussion: To complement the lecture component of the class, we will also be having regular classroom discussions. The Oatley readings (see below) apply many of the current scholarly debates from this class to contemporary political and economic problems. Over Blackboard, I will frequently distribute discussion questions (based both on these readings and other *short current articles*) that are designed to spur classroom debate, and ultimately develop your critical thinking skills.

Exams: The midterm and final exams will both be in-class exams consisting of essay and short answer/identification sections. They will be based on readings, lectures, and discussions.

- **Class Participation (10%)**
- **Midterm Exam (30%)**
- **Two Policy Briefings (20%)**
- **Final Exam (40%)**

All examinations are to be completed in conformance with the George Washington University Code of Academic Integrity outlined above.

Missed Exams: Unexcused absences on exam day result in an automatic F. Make-up exams will be given in only the most extraordinary and well-documented circumstances.

Cheating: Zero tolerance policy. Anyone caught cheating automatically fails the assignment and faces academic discipline in accordance with the University's Code of Academic Conduct. It is your responsibility to be aware of the rules and to abide by them.

Required Texts:

Be sure to get these exact editions; older versions will NOT work!

- John Ravenhill, 2011. *Global Political Economy 4th edition*. Oxford: Oxford University Press.
- Thomas Oatley, 2012. *Debates in International Political Economy. 2nd edition*. Pearson Education.
- Menzie Chinn and Jeffrey Frieden, 2012. *Lost Decades: The Making of America's Debt Crisis and the Long Recovery*. W.W. Norton & Company.

Topics and Reading Assignments:

PART I: THEORETICAL AND HISTORICAL PERSPECTIVES

Session One (1/17): *Introduction – Studying Political Economy in the Heart of Spin City*

- *In Class Case Study:* The March 2017 Debt Limit Deadline

Session Two (1/19): *What is International Political Economy?*

- Ravenhill CH. 1: 18-22.
- *An Exercise in Respecting Ideological Differences:* Ted Chiang, *Arrival*, "Liking What You See: A Documentary" (2002) pp. 237-274.

Session Three (1/24): *Perspectives: Realism, Liberalism and Marxism*

- Ravenhill CH. 2: 30-47.
- *Blackboard*: Executive Pay Readings
- *Class Discussion*: IPE Theories, Financial Crises, and Executive Compensation

Session Four (1/26): *Perspectives on Development: Solow vs. Endogenous Growth Model*

- Mankiw, *The Growth of Nations*: 275-278. 295-298. Brookings Papers on Economic Activity (1995).
- The Growth of Growth Theory. *The Economist*. March 18, 2006.

Session Five (1/31): *Historical Perspectives*

- Ravenhill CH. 1: 8-18.

Session Six (2/2): *Cooperation as an Analytic Problem*

- Ravenhill CH. 3: 51-59; 62-71.
- *Class Discussion*: Does a Global Economy Require a Global Currency?

Session Seven (2/7): *Domestic Sources of Foreign Economic Policies*

- Ravenhill CH. 4: 75-97.
- Shiller. "Donald Trump and the Sense of Power." *Project Syndicate*. (2016).
- Stiglitz. "Globalization and its New Discontents." *Project Syndicate*. (2016).

PART II: INTERNATIONAL TRADE

Session Eight (2/9): *The Trade Liberalization Tango: The Evolution of Global Trade*

- Ravenhill CH. 5: 110-127.
- Council of Economic Advisors. (2006). History and Future of International Trade. Chapter 7 of the *2006 Economic Report of the President*. Washington DC: US Government Printing Office.
- Council of Economic Advisors. (2012). International Trade and Finance. Chapter 5 of the *2012 Economic Report of the President*. Washington DC: US Government Printing Office.

Session Nine (2/14): *The WTO: Too Legit to Quit? The Doha Round & the Future of the Liberal Order*

- Ravenhill CH. 5: 127-137.
- Oatley, CH. 1
- Roubini, "The Taming of Trump." *Project Syndicate*. (2016).
- Skidelsky, "Slouching Toward Trump." *Project Syndicate*. (2016).
- *Class Discussion*: The Future of the Liberal International Order

Session Ten (2/16): *Regionalism: A Tectonic Threat to Global Trade?*

- Ravenhill CH. 6: 140-148; 154-55; 160-166.
- Oatley, CH. 5.
- Drezner. "The End of Multilateral Trade?" *Foreign Policy*. (2013).
- Editorial Board, "Global Trade after the Failure of the Doha Round." *New York Times* (2016).
- *Class Discussion*: Regionalism, A Tectonic Threat?

Session Eleven (2/21): *International Trade and U.S. Politics*

- Oatley CHs. 2, 3, and 11.
- *In-Class Case Study*: Xi's to Blame for U.S. Economic Woes? The Political Economy of the Chinese Exchange Rate

Session Twelve (2/23): *Trade and Protectionism: Labor and the Environment*

- Oatley CHs. 4 and 6
- Lidegaard, "Climate Change in Trumponocene Age." *Project Syndicate*. (2016).
- Stiglitz, "Bad News for America's Workers." *Project Syndicate*. (2016).
- *Background Reading*: Ravenhill CH 14
- *Class Discussion*: Trade-Related Issues? Labor and the Environment

Session Thirteen (2/28): *Review Session and Study Guide*

Session Fourteen (3/2): ** MIDTERM EXAM******

PART III: MONEY AND FINANCE

Session Fifteen (3/7): *The International Monetary System*

- Ravenhill CH. 7: 174-189
- Council of Economic Advisors. (2007). Currency Markets and Exchange Rates. Chapter 7 of the *2007 Economic Report of the President*. Washington DC: US Government Printing Office.

Session Sixteen (3/9): *Exchange Rate Debates and Currency*

- Ravenhill CH. 7: 189-195.
- *Library Reserve Readings: Interest Rate Parity and Purchasing Power Parity* Krugman and Obstfeld pp. 336-343; pp. 383-392

*****SPRING BREAK (3/14 and 3/16)*****

Session Seventeen (3/21): *Financial Integration: Markets and Politics*

- Ravenhill CH. 8
- Watch the movie *The Big Short* (2015). The movie is available for free on *Netflix*.

Session Eighteen (3/23): *Global Financial Crises I: The Anatomy of Financial Crises*

- Read Chinn and Frieden. Chapter 2 & 3.
- *Background Materials*: PBS Frontline video "*Inside the Meltdown*"

Session Nineteen (3/28): *Global Financial Crises II: Responses to Financial Crises*

- Read Chinn and Frieden. Chapters 4 & 5.
- Johnson, Simon (2009). "The Quiet Coup." *The Atlantic*. May 2009.
- *Class Discussion*: Too Little or Too Much Government Intervention?

Session Twenty (3/30): *The Future of Financial Globalization I*

- Oatley CH. 10
- Read Chinn and Frieden. Chapter 8 & 9.
- Roach, "The Achilles Heel of Trumponomics." *Project Syndicate*. (2016).
- *Class Discussion*: The Future of Financial Governance

Session Twenty-one (4/4): *The Future of Financial Globalization II*
[**POLICY BRIEF 1 DUE**]

- *Case Study: The Future of Money: Give Bitcoin a Chance?*

PART IV: GLOBALIZATION

Session Twenty-two (4/6): *Globalization & Development I: Trade and Economic Growth*

- Ravenhill CH. 9, pp. 226-253.
- Oatley, CH.12.
- Rodrik, “Don’t Cry Over Dead Trade Agreements.” *Project Syndicate*. (2016).
- Class Discussion: *Does Trade Promotes Growth, or Does Growth Promote Trade?*

Session Twenty-three (4/11): *Globalization and Development II: Sustainable Development*

- Ravenhill CH. 13, 345-369.

Session Twenty-four (4/13): *Globalization of Production: Part I*

- Ravenhill CH. 11, pp. 284-303.
- Oatley CHs. 7

Session Twenty-five (4/18): *Globalization & Production: Part II*

[**POLICY BRIEF 2 DUE**]

- Oatley, CH. 8
- Ravenhill, CH. 10, pp. 258-270.
- *Case Study: Congo’s Conflict Minerals*

Session Twenty-six (4/20): *Globalization and Poverty*

- Ravenhill CH. 12, pp. 312-335.
- Oatley, CH. 13 and 14
- *Class Discussion: Is Foreign Aid Effective at Promoting Development?*

Session Twenty-seven (4/25): *Future of the Global Economy*

[**No class on Thursday, April 27th**]

- Oatley, CH. 15 & 16
- Fischer, “Goodbye to the West.” *Project Syndicate*. (2016).
- Eichengreen, “The Age of Hyper-Uncertainty.” *Project Syndicate*. (2016).
- *Class Discussion: What is the States of the Global Economy in 2027?*
- ***Review Session and Study Guide***

FINAL EXAM: The date, time, and location will be announced by the registrar’s office.