

IR/ PSC 102: Introduction to International Political Economy
Monday-Wednesday, 10:25-11:40
Office Hours: Monday and Wednesday, 1:30-2:30
Dewey 2-162

Spring 2018

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Purpose of the course: This is an undergraduate course intended to introduce students to the central economic issues in international politics and some of the fundamental models that we use to understand them. The course covers a series of topics ranging from trade and development to international finance. No previous coursework is assumed.

Course Requirements: The required readings are assigned to the lectures for which they provide background, and will be discussed in the subsequent discussion section. There will be a final exam (Tuesday, May 8, at 12:30) and two exams during the term, on February 21 and April 4. Attendance at lectures and discussion sections is mandatory. Each student is allowed to miss up to three class sessions for personal reasons, but missing more results in a penalty, and missing more than five results in a failing grade.

Grading: 40% final exam, 25% each exam, and 10% class participation. Completing all of the written work is required to successfully complete the course.

Readings: The following books have been ordered at the bookstore and are recommended for purchase:

Mankiw, Gregory N. *Principles of Economics* (Eighth Edition). Cengage, 2017. (Also available as an electronic book for a rental fee: <https://www.cengage.com/c/principles-of-economics-8e-mankiw>)

Frieden, Jeffrey, David Lake and Lawrence Broz, eds. *International Political Economy: Perspectives on Global Power and Wealth*. (Sixth Edition). Norton, 2017.

Oatley, Thomas. *International Political Economy*. (Fifth Edition). Routledge, 2017.

Course Outline

1. Wednesday, January 17: Division of labor, gains from trade and protectionism
 - Mankiw, Principles of Economics, Chapters 3, 9
2. Monday, January 22: Factors of production and distributive consequences of trade
 - Mankiw, Principles of Economics, Chapter 18 (supply and demand of labor)
 - Frieden, Lake & Broz (FLB) Chapter 1 (Rogowski)
3. Wednesday, January 24: Inequality
 - FLB Chapter 26 (Milanovic) and Chapter 27 (Rodrik)
4. Monday, January 29: What causes economic growth?
Factor growth; technology; property rights; commitment problems; transaction costs
 - Mankiw, Principles of Economics, Chapter 25
 - FLB Chapter 7 (Acemoglu)
5. Wednesday, January 31: Central planning and economic transition
Welfare Theorem
 - Mankiw, Principles of Economics, Chapter 7
6. Monday, February 5: Trade politics: Specific factors, firms, and global value chains
 - Oatley, Chapter 4
7. Wednesday, February 7: Optimal tariffs and international cooperation
 - Oatley, Chapter 3
8. Monday, February 12: Public goods and common-pool resources
International institutions
 - Mankiw, Principles of Economics, Chapter 11
9. Wednesday, February 14: Externalities and the case for government intervention
Regulation of monopolies; infant industries
 - Mankiw, Principles of Economics, Chapter 10
 - Oatley, Chapter 5
10. Monday, February 19: Foreign investment, commitment and property rights
 - Oatley, Chapter 8
 - FLB Chapter 9 (Caves)

Wednesday, February 21: First midterm exam

11. Monday, February 26: MNCs, monopolistic competition and politics

- Mankiw, Principles of Economics, Chapter 16
- Oatley, Chapter 9
- FLB Chapter 12 (Li and Resnick)

12. Wednesday, February 28: Open-economy macroeconomics

- Mankiw, Principles of Economics, Chapter 31

13. Monday, March 5: Fixed and flexible exchange rates

The gold standard and the Great Depression

- Mankiw, Principles of Economics, Chapter 32

14. Wednesday, March 7: The Keynesian revolution

Aggregate demand and supply

- Mankiw, Principles of Economics, Chapter 33

Spring Break, March 12-16

15. Monday, March 19: Hegemonic stability and the Bretton Woods system

- Oatley, Chapter 10; Chapter 12, pp. 257-59
- FLB Chapter 3 (Krasner)

16. Wednesday, March 21: Open economy with flexible exchange rates

- Mankiw, Principles of Economics, Chapter 32
- Oatley, Chapter 11

17. Monday, March 26: Sovereign debt, restructuring and adjustment

Case: The Latin American debt crisis

- Mankiw, Principles of Economics, Chapter 27
- Oatley, Chapter 14

18. Wednesday, March 28: Foreign aid

19. Monday, April 2: IMF conditionality

Wednesday, April 4: Second midterm exam

20. Monday, April 9: Inflation, credibility and rational expectations

- Mankiw, Principles of Economics, Chapter 30
- Oatley, Chapter 13

21. Wednesday, April 11: Banking, exchange rate and financial crises

Case: The Asian financial crisis

- Mankiw, Principles of Economics, Chapter 29
- Oatley, Chapter 15

22. Monday, April 16: International environmental regulation

Case: Climate change

- Oatley, Chapter 16, 358-67
- FLB Chapter 31 (Keohane and Victor)

23. Wednesday, April 18: European integration

24. Monday, April 23: The Great Recession and the Euro Crisis

- FLB Chapter 15 (Chinn and Frieden) and 16 (Copelovitch, Frieden and Walter)

25. Wednesday, April 25: The dollar as international reserve currency

26. Monday, April 30: The rise of China