

University of Rochester
Department of Political Science

**IR/PSC 274: INTRODUCTION TO INTERNATIONAL POLITICAL ECONOMY
FALL 2009**

Instructor: Tatiana Vashchilko

Office Hours: WF 11:00-12:00 PM, and by appointment

Class Location: MOREY 504

Office: Harkness 320B

Class Lectures: MWF 10:00-10:50 AM

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Required Texts:

1. Oatley, Thomas. 2009. *International Political Economy: Interests and Institutions in the Global Economy* (preferably 4th edition) Pearson Longman.
2. Frieden, Jeffrey A. and David A. Lake. 2000. *International Political Economy: Perspectives on Global Power and Wealth*.

Recommended Texts:

1. Cohen, Benjamin J. 2008. *International Political Economy: An Intellectual History*.
2. Frieden, Jeffrey A. 2006. *Global Capitalism: Its Fall and Rise in the Twentieth Century*.
3. Regular reading of *The Economist* (special student's subscription is available at https://www.economistacademic.com/subscribe_single.cfm).

WELCOME! You have chosen a course which will introduce you to international political economy (IPE). This course explores the interaction between politics and economics at the international level as well as between the international and domestic levels, involving various actors such as governments, interest groups, and multinational corporations. As an interdisciplinary field related to both international politics and international economics, international political economy examines the management and openness of the international economy, the determinants of foreign economic policy-making on topics such as trade, foreign exchange, capital controls, the politics of economic development, the effects of domestic political competition on international trade and capital flows, the determinants of regional integration, as well as the spread or containment of international financial crises. Students are expected to complete oral and written assignments which are designed to help them develop their problem solving, writing and presentation skills.

ASSIGNMENTS AND GRADE DISTRIBUTION

	% of Total	Maximum Possible Points
Mid-Term Exam I (October 7 th)	20%	100
Mid-Term Exam II (November 16 th)	20%	100
Final Exam (December 17 th at 12:30 PM)	25%	125
International Advisor's Paper (October 26 th)	10%	50
Government Official's Paper (November 9 th)	10%	50
Discussion Session (Advisor's team)	5%	25
Discussion Session (Government's team)	5%	25
In-class tasks and take-home assignments	5%	25

COURSE POLICIES

Lectures: I expect you to be on time at every lecture, and you have the right to expect that every lecture will start and end on time. You have the right to determine how much reading you need to do well in the class, but I expect you to read the assigned chapter(s) and papers in the Course Outline before each class. You have the right to learn passively in class. That is, I will not force you to participate by calling on you. But I am going to create an effective learning environment in the classroom. And there is a lot YOU can do to help to make a good learning environment for yourself and your classmates. This includes not only active participation in class by asking questions and getting involved in class tasks, but also avoiding any distracting activities, such as coming to lecture late or leaving it early, reading newspapers during the lectures, or even talking with other students. All of that will make it impossible to give a good lecture and add value to you and your colleagues. I will appreciate you turn off cell phones before class begins. **PLEASE AVOID ANY DISTRACTING ACTIVITIES DURING THE LECTURE!!!**

Attendance: I will take attendance every day by doing small in-class tasks or pop-quizzes, which can be in the very beginning or very end of the class, or in the middle of the class. Moreover, coming to every lecture gives you the opportunity to earn those 10% that sometimes is crucial in raising the grade from C+ to B-. **IT IS IMPORTANT TO BE IN CLASS!!!**

In-Class Tasks and take-home assignments: All in-class tasks will be in the form of questions or simulations to enhance your IPE intuition and understanding of core principles. The take-home assignments will require you to answer one-two questions and will be due to next class. Every in-class task and take-home assignment will be worth some points, and at the end of the semester it will account for 5% of your grade.

International Advisors Team – Host Government Game: In the beginning of the semester you will identify those countries that you think are in need of advisory assistance on various IPE issues that might be problematic for countries to resolve on their own. Each student will join an international advisory team in one country as well as a home government in another country. Each student will prepare two short papers on the major problems that the chosen countries are facing and possible solutions to these problems. One paper is on the country for which a student will work as an international advisor. The second paper is on the country for which a student will work as a government official. During the semester we will have discussion sessions between paired international advisory team and a government on finding possible solutions to the identified IPE problems for a particular country. Each international advisory team has to choose an international organization that it represents.

Exams: The total number of exams is THREE: TWO midterms and a final. The length of each midterm exam is 50 minutes. The length of a final exam is 1 hour and 40 minutes. You will need a pencil or pen and a calculator on your exams, and you are not allowed to use a cell phone or to borrow a calculator during the exam. The exam scores will be available by the next week class period. All exams are closed book. Each exam will focus on all the material covered before the exam. There are two sections in each exam: a concept part and an essay part. Each section will account for 50% of your grade. I will provide a sample exam before the first midterm.

Make-ups: If you miss an exam without any valid excuse, you will receive 0 points for the exam. With a valid excuse you will be allowed to take the regular subsequent exam instead of the one you missed without penalty. As a result the weight of missed exams with a valid excuse will be reallocated to the remaining exams.

Grades and Grading Scale: As one of my professors has noted, “grades are a carrot that encourages learning.” I will not hesitate to give a poor grade, if your performance indicates that you have not learned the material, but I want everyone in this class to do well.

Regrades: I will give you the grade that reflects at what rate your assignment is correct. I will put every effort to do it the first time around. I reserve the write to raise, leave the same or lower the grade. I will regrade the work in its entirety. If you would like to regrade your work, please, write the memo explaining why you are uncomfortable with grade and why you think your work should be regraded.

DISABILITY ACCESS

University of Rochester encourages qualified people with disabilities to participate in its programs and activities and is committed to the policy that all people shall have equal access to programs, facilities, and admissions without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by state or federal authorities. If you anticipate needing any type of accommodation in this course or have questions about physical access let me know as soon as possible. I'm here to help!

VALID EXCUSES

During the course many possible situations may arise that would result in your inability to attend class, attend exams, or perform at a minimally acceptable level during an examination. Illness or injury, family emergencies, certain University approved curricular and extra-curricular activities, and religious holidays can be legitimate reasons to miss class or to be excused from a scheduled examination.

In the case of your own illness or injury, confirmation from a physician, physician's assistant, a nurse practitioner, or a nurse is required. Barring extraordinary circumstances, the confirmation must be available to the instructor prior to the missed course event.

With regard to family emergencies, you must provide verifiable documentation of the emergency. Given the vast array of family emergencies the instructor will provide precise guidance as to what constitutes adequate documentation. Unless the emergency is critical you should notify the instructor in advance of your absence from the scheduled course event. In cases of critical emergencies, you must notify the instructor within one week of your absence.

For University approved curricular and extra-curricular activities, verifiable documentation is also required. The student should obtain from the unit or department sponsoring the activity a letter (or class absence form) indicating the anticipated absence(s). The letter must be presented to the instructor at least one week prior to the first absence. In the case of religious holidays, the student should notify the instructor by the third week of the course of any potential conflicts.

ACADEMIC HONESTY

University of Rochester Policy on Academic Honesty:

University of Rochester defines academic honesty as the respect of "the integrity of one another's work and recognize the importance of acknowledging and safeguarding intellectual property" (from Arts, Science and Engineering College Academic Honesty Policy, http://www.rochester.edu/college/honesty/docs/Academic_Honesty.pdf)

"Academic dishonesty can involve a wide range of offenses. Our policy lists several types of offenses, including (but not limited to): Plagiarism, Copying papers, Copying answers on exams, Any other act that represents someone else's work as your own, Misuse of library materials such as the removal of books from the libraries without formally checking out the items, or the intentional hiding of materials, or the refusal to return reserve readings to the library, etc., Obtaining an exam prior to its administration, Using unauthorized aid during an examination. Academic dishonesty is not

limited to those offenses listed above. The best course of action if you're not sure if what you're doing constitutes academic dishonesty is to ask first. Ask via e-mail if possible, and save a copy of the response" (Definition of Academic Dishonesty in *the Arts, Science and Engineering College Academic Honesty Policy* <http://www.rochester.edu/college/honesty/students.html#con>).

COURSE OUTLINE AND READING LIST

September 2. Overview of the course policies and readings.

Syllabus.

September 4. Introduction to IPE: States and Markets.

Required:

Oatley, chapter 1, pp.1-12.

Frieden and Lake, "Introduction: International Politics and International Economics," pp. 1-16.

Frieden, "[The crisis and beyond: Prospects for international economic cooperation](#)," Prepared for a conference jointly organized by the Ministero dell'Economia e delle Finanze and by the Centre for Economic Policy Research on "Where are the New Engines of Growth," Rome, 23-24 July 2009.

Recommended:

Cohen, "Introduction", p.1-15.

Assigned: Take-home assignment #1.

September 7. Labor Day - no class.

September 9. The Economics of International Political Economy.

Lairson and Skidmore, Chapter 2, "The Economics of International Political Economy," pp. 17-42.

Production and Gains From Trade Game.

Due: Take-home assignment #1.

Assigned: Take-home assignment #2.

September 11. The Economics of International Political Economy.

Lairson and Skidmore, Chapter 2, "The Economics of International Political Economy," pp. 17-42.

Due: Take-home assignment #2.

September 14, 16 and 18. Historical Perspectives on the International Political Economy (before 1914).

Required:

Oatley, chapter 1, pp.14-18, "The Global Economy in Historical Context"

Frieden and Lake, "Historical Perspectives," pp.69-71.

Kindleberger, "The Rise of Free Trade in Western Europe," pp. 73-89 (in Frieden and Lake).

Gourevitch, "International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896," pp. 90-108.

Broz, "The Domestic Politics of International Monetary Order: The Gold Standard," 199-219.

Eichengreen, "Hegemonic Stability Theories of the International Monetary System," pp. 220-244.

Frieden, "International Investment and Colonial Control: A New Interpretation," pp.109-126.

Recommended:

Frieden, "Prologue: Into the Twentieth Century", "Last Best Years of the Golden Age, 1896-1914,"

pp. 1-123.

Cohen, Chapter 1, "The American School," Chapter 2, "The British School."

September 21, 23 and 25. Historical Perspectives on the International Political Economy (after 1914).

Required:

Oatley, chapter 2, pp.29-34, "Power and Interests in the World Trade System."

Oately, chapter 4, pp. 83-92, "Political Institutions and Interests in American Trade Politics."

Oately, chapter 5, pp. 103-111, "Industrial Policy in High-Technology Industries," "Strategic Rivalry in Semiconductors and Commercial Aircraft."

Oately, chapter 10, pp. 225-235, "The Rise and Fall of the Bretton Woods System."

Frieden and Lake, "Contending Perspectives," p. 17.

Stephen Krasner, "State Power and the Structure of International Trade," pp. 19-36.

Barry Eichengreen, "The Political Economy of the Smoot-Hawley Tariff," pp. 37-46.

Douglass North, "Institutions and Economic Growth: A Historical Introduction," pp. 47-59.

Susan Strange, "States, Firms, and Diplomacy," pp. 60-68

Recommended:

Frieden, "Things Fall Apart, 1914-1939," "Together Again, 1939-1973," pp.127-362.

Cohen, Chapter 3, "A Really Big Question," Chapter 4, "The Control Gap," Chapter 5, "The Mystery of the State," pp.66-141.

Stanley Engerman and Kenneth Sokoloff, "History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World," *Journal of Economic Perspectives*. Vol. 14 No.3 (2000), 217-232.

September 28, 30 and October 1. Contemporary International Political Economy.

Required:

Lake, "British and American Hegemony Compared: Lessons for the Current Era of Decline," pp. 127-139.

Frieden, "Globalization, 1973-2000," pp.363-476.

Frankel, Jeffrey. 2000. "Globalization and the Economy," NBER Working Paper # 7858.

<http://www.nber.org/papers/w7858.pdf>

Dollar, David. 2005. Globalization, Poverty, and Inequality since 1980. The World Bank Policy Research Working Paper Series # 3333. [http://www-](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/09/28/000112742_20040928090739/Rendered/PDF/wps3333.pdf)

[wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/09/28/000112742_20040928090739/Rendered/PDF/wps3333.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/09/28/000112742_20040928090739/Rendered/PDF/wps3333.pdf)

Recommended:

Cohen, Chapter 6, "What Have We Learned?" "New Bridges?"pp. 142-178.

October 5. No class - Fall Break.

October 7. Midterm Exam I.

October 9. Political Economy of International Trade.

Required:

Oately, Chapters 2 and 3, "The World Trade Organization and the World Trade System," "The Political Economy of International Trade Cooperation," pp. 22-71.

Frieden and Lake, "Trade," pp. 299-302.

Coughlin, Chrystal, and Wood, "Protectionist Trade Policies: A Survey of Theory, Evidence, and Rationale," pp. 303-317.

Deardorff, Alan and Robert M. Stern. 2002. What You Should Know About Globalization and the WTO. *Review of International Economics* 10, pp. 404-423.

Stephen Krasner, "State Power and the Structure of International Trade," pp. 19-36 (review).

Barry Eichengreen, "The Political Economy of the Smoot-Hawley Tariff," pp. 37-46 (review).

October 12, 14, and 16. Political Economy of International Trade.

Required:

Oatley, Chapters 4 and 5, "A Society-Centered Approach to Trade Politics," "A State-Centered Approach to Trade Politics," pp.72-114.

Frieden and Lake, "Trade," pp. 299-302.

Rogowski, "Commerce and Coalitions: How Trade Affects Domestic Political Alignments," pp. 318-326.

Alt and Gilligan, "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions," pp. 327-342.

Cox, "Explaining Business Support for Regional Trade Agreements," pp. 366-376.

Mansfield and Busch, "The Political Economy of Nontariff Barriers: A Cross-national Analysis," pp. 353-365.

Michael Bailey, Judith Goldstein, and Barry R. Weingast. 1997. The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade. *World Politics* 49(3): 309-338.

Recommended:

Freeman, "Are Your Wages Set in Beijing?" pp. 343-352.

October 19, 21, and 23. International Political Economy and Development.

Required:

Oatley, Chapters 6 and 7, "Trade and Development I: Import Substitution Industrialization," "Trade and Development II: Economic Reform," pp. 115-165.

Frieden and Lake, "Economies in Development and Transition," pp. 377-381.

Sally, Razeen. 2008. *The Political Economy of Trade Policy Reform: Lessons from Developing Countries*. The Journal of International Trade and Diplomacy 2 (2): 55-96.

Stiglitz and Squire, "International Development: Is it Possible?" pp. 383-391.

Broad, Cavanagh, and Bellow, "Development: The Market is Not Enough," pp. 392-404.

Acemoglu, Daron. 2003. Root Causes: A Historical Approach to Assessing the Role of Institutions in Economic Development. *Finance and development* 40(2): 27-30.

<http://www.imf.org/external/pubs/ft/fandd/2003/06/pdf/Acemoglu.pdf>

Dollar, David. 2005. Globalization, Poverty, and Inequality since 1980. The World Bank Policy Research Working Paper Series # 3333 (review).

October 26, 28, and 30. Political Economy of Multinational Corporations (MNCs) and the Internationalization of Production.

Required:

Oatley, Chapter 8, "Multinational Corporations in the Global Economy," "The Politics of Multinational Corporations," pp. 166-190.

Frieden and Lake, "Production," pp. 141-144.

Caves, "The Multinational Enterprise as an Economic Organization," pp. 145-155.

Hart and Prakash, "Strategic Trade and Investment Policies: Implications for the Study of International Political Economy," 180-192.

Tuman and Emmert, "The Political Economy of U.S. Foreign Direct Investment in Latin America: A Reappraisal," *Latin American Research Review* 39, No. 3 (October 2004), pages 9-28.

November 2, 4, and 6. Political Economy of Multinational Corporations (MNCs) and the Internationalization of Production.

Required:

Oatley, Chapter 9, "The Politics of Multinational Corporations," pp. 191-214.

Frieden and Lake, "Production," pp. 141-144.

Tarzi, "Third World Governments and Multinational Corporations: Dynamics of Host Bargaining Power," pp. 156-166.

Fieldhouse, "A New Imperial System? The Role of the Multinational Corporations Reconsidered," pp. 167-179.

Elkins, Zachary, Andrew T. Guzman, and Beth A. Simmons. 2006. Competing for Capital: The Diffusion of Bilateral Investment Treaties, 1959–2000. *International Organization* 60: pp. 811–846.

November 9, and 11. Politics of MNCs.

Required:

Li, Quan and Adam Resnick. 2003. "Reversal of Fortunes: Democracy, Property Rights and Foreign Direct Investment Inflows in Developing Countries," *International Organization* 57(1):1-37.

Jensen, Nathan M. 2003. Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment. *International Organization* 57 (3): 587-616.

Nathan M. Jensen and Guillermo Rosas. Foreign Direct Investment and Income Inequality in Mexico, 1990-2000. *International Organization* 61: 467-487.

Kobrin, Stephen. 1984. Expropriation as an Attempt to Control Foreign Firms in LDCs: Trends from 1960s to 1979. *International Studies Quarterly* 28: pp.329-348.

Li, Quan. 2009. Democracy, Autocracy, and Expropriation of Foreign Direct Investment. *Comparative Political Studies* 42(8): 1098-1127.

Nathan M. Jensen. 2008. Political Regimes and Political Risk: Democratic Institutions and Expropriation Risk for Multinational Investors. *Journal of Politics* 70 (4): 1040-1052.

November 13. No Class.

November 16. Midterm II.

November 18 and 20. Political Economy of International Finance.

Required:

Oatley, Chapter 10, "The International Monetary System," pp. 215-236.

Frieden and Lake, "Money and Finance," pp. 193-197.

Goodman and Pauly, "The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets," pp. 280-298.

Broz, "The Domestic Politics of International Monetary Order: The Gold Standard," 199-219 (review).

Eichengreen, "Hegemonic Stability Theories of the International Monetary System," pp. 220-244 (review).

November 23 and 25. Political Economy of International Finance.

Required:

Oatley, Chapter 11, "Contemporary International monetary Arrangements," pp. 237-259.

Frieden and Lake, "Money and Finance," pp. 193-197.

Benjamin J. Cohen, "The Triad and the Unholy Trinity: Problems of International Monetary Cooperation," pp. 245-256.

Charles Wyplosz, "EMU: Why and How it Might Happen," pp. 270-279.

November 27. No class – Thanksgiving Break.

November 30, December 2 and 4. Political Economy of International Finance.

Required:

Oatley, Chapter 12 and 13, "A Society-Centered Approach to Monetary and Exchange-Rate Policies," "A State-Centered Approach to Monetary and Exchange-Rate Policies," pp.283-305.

Frieden and Lake, "Money and Finance," pp. 193-197.

Frieden, Jeffrey A. 2009. Globalization and Exchange Rate Policy. In *The Future of Globalization*, edited by Ernesto Zedillo, pgs 344-357. New York: Routledge, forthcoming.

http://www.people.fas.harvard.edu/~jfrieden/Selected%20Articles/Misc_Works/Globalization_and_exchange_rate_policy.pdf.

Frieden, Jeffrey A. and Lawrence Broz. 2006 . "[The Political Economy of Exchange Rates.](#)" In *Oxford Handbook of Political Economy*, edited by Barry Weingast and Donald Wittman. Oxford: Oxford University Press, 2006.

December 7, 9 and 11. Developing Countries and International Finance.

Required:

Oatley, Chapter 14 and 15, "Developing Countries and International Finance I: The Latin American Debt Crises," "Developing Countries and International Finance II: A Decade of Crises," pp.306-356.

Haggard, "Inflation and Stabilization," pp. 417-430.

December 17. 12:30PM. Final Exam. Morey 504.