

PSCI 4193-001
Spring 2017, DUAN G125
M/W/F 11:00am-11:50am

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Office Hours: M/W/F 9:15am-10am and by appointment

PSCI 4193 International Political Economy

Course Description

This class introduces students to the politics of international economic relations. In the course of the semester you will develop a better understanding of the interaction between political and economic phenomena on an international, regional, and global scale and will learn useful skills for analyzing and assessing both current policy and historical developments.

There are several substantive questions that the course will address. Why countries trade and how has the global trading system evolved over the last century? Why do we have a free trade policy for most manufactured goods, but a protectionist policy for many agricultural goods? What are the underlying reasons behind systemic underdevelopment and poverty in the developing world? What explains currency fluctuations and how could these affect political developments in 1st and 3rd world countries? What are the causes, consequences, and pitfalls of capital mobility? Does foreign aid help or harm developing countries? How does FDI affect economic development and why does it take place?

As we review these questions, we will examine the role of states, international and domestic institutions, and other factors in creating and/or managing conflicts and facilitating cooperation in the international political economy (IPE). The cases we will look at include both advanced industrialized countries as well as a number of developing countries. We will analyze the domestic and international systemic forces behind these cases' successes and failures and we will try to evaluate the modes of interaction that could exist between those. The class is multi-disciplinary adopting perspectives from political science, economics, history, and social psychology. It also features a few documentaries which illustrate the real-world applications of some of the abstract theoretical concepts we cover.

Course Requirements

Presentations: 10%
In-class Exam 1: 25%
In-class Exam 2: 25%
Debate or Final Paper: 10%
Final Exam: 15%
Movie entries: 5%
Participation and Attendance: 10%

Presentations:

You will be expected to give a 8-10 min presentation on how *the international system* has affected a country of your choice in terms of trade, debt, FDI, aid, and regional cooperation and has been responsible either

for their growth and development or lack thereof. The presentations will be 10% of your final grade. Sign-up sheet:

<https://docs.google.com/spreadsheets/d/169rHSZU1KfCrYiVZlXWMtfsBOwqkiLIWhT1BLcKzTe8/edit#gid=0>

Exams:

There will be 3 exams in this class. The midterms will not be cumulative and will focus on the first and second major topics of the class: The Political Economy of International Trade and International Monetary Relations, Debt, Aid, and Development. The final will be cumulative and will feature questions from all sections of the class including the third and final one - Globalization, Regional Integration, and Financial Crises. The midterms will each be 25% of your final grade, while the final will be 15%.

Debates:

We will have an in-class Oxford style debate in the end of the semester with two panels arguing two opposing perspectives on whether international institutions or state actors have to take a leading role in how trade relations, debt, aid, and investment are managed and administered in order to spur development in developing countries. The 6 volunteers in the debate will be exempt from having to write a final paper for the course but will write and submit outlines of their arguments (talking points). The rest of the class will try to make at least one valuable contribution to the debate. The debate will be 10% of your final grade and will take place on the last day of this class.

Sign-up sheet:

https://docs.google.com/spreadsheets/d/1KW6SpuGZ-3SaXMea_7O1VBT_DJadXqSx3uY0Bn2qbl8/edit#gid=0

IOs vs states. how to stimulate growth in terms of:

1. loans, debt relief, structural adjustment, default
2. foreign aid and investment
3. above- and below- the state pressures for political change (e.g. anti-corruption)

Final Paper:

You are expected to write one 5-page paper focusing on two developing countries and explaining how *the international system* in terms of trade, debt, FDI, aid, and regional cooperation has been responsible either for their growth and development or lack thereof. 10% of the final grade, due May 2nd.

Movie Entries:

We will see 3 documentaries in this class. You are responsible to submit two short reactions (max 1 page single spaced) to 2 documentaries of your choice connecting your impressions with the class readings. These documentaries serve an important goal – to demonstrate the real world applications of the theories and concepts we will be discussing in class. You will submit these in a single word document whenever you have completed the two reaction entries but before April 25th.

Attendance and Participation:

Many of the lectures will be presented in a style that will give plenty of opportunities for in-class participation to the students. The frequency and quality of your comments, as well as your attendance, will shape your final participation grade. If we have one or several pop quizzes in class, those will also factor in your participation grade.

I will grade your work on the following (standard) scale.

		B+	87-89	C+	77-79	D+	67-69		
A	94-100	B	83-86	C	73-76	D	63-66	F	0-59
A-	90-93	B-	80-82	C-	70-72	D-	60-62		

Required Texts and Materials

Toussaint, Éric and Damien Millet. 2010. *Debt, the IMF, and the World Bank: Sixty Questions, Sixty Answers*. New York: Monthly Review Press

Cohn, Theodore H. 2012. *Global Political Economy: Theory and Practice*, sixth edition. New York: Addison Wesley Longman, Inc.

All other required readings in the course schedule are available electronically, either through **D2L** or directly **ONLINE**

A few suggested additional news sources are listed below:

- ☐ *The Financial Times* (British daily newspaper with quality information)
- ☐ *The Economist* (weekly British news magazine with a good comparative perspective)
- ☐ *De Spiegel* (popular German news magazine with online content available in English)
- ☐ *The New York Times* (decent coverage of various regions across the world)

Original Work + Honor Code

It is expected that all work you do in this course represents original work not previously or simultaneously handed in for credit in another course. All work for this course falls under the University's Honor Code.

Questions and Absences

If you have questions about the course, please come see me after class or during office hours. In general I will not be able to answer substantive questions over email. If you have to miss class on the day of an exam, then you must write and explain beforehand in all but the most unusual circumstances. Attendance is required.

Course Schedule

IPE, trade and development

1. **Jan 17 Introduction and Expectations**

2. **Jan 19 What is international political economy –**

Cohn, chapter 1, p. 2-14; Realism: Cohn, p. 56-62 and p. 69-71; Liberalism: - Cohn, p. 77-84 and p. 90-96; Institutions, Interdependence, and Cooperation: Cohn, p. 84-90. Chapter 2.

Recommended:

Robert Gilpin. 2001. Global Political Economy: Understanding the International Economic Order (Princeton: Princeton University Press), Chapter 1.

<http://assets.press.princeton.edu/chapters/s7093.pdf>

3. **Jan 22 The Global Trading System**

Cohn, Chapter 8 (Global Trade Relations)

Recommended:

Stephen Krasner, 1976. "State Power and the Structure of International Trade," World Politics 28.

<http://www.rochelleterman.com/ir/sites/default/files/krasner%201976.pdf>

Helen Milner and Keiko Kubota, "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries." Forthcoming, International Organization (Winter 2005).

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.476.4424&rep=rep1&type=pdf>

Edward D. Mansfield, Helen V. Milner, and B. Peter Rosendorff, 2000. "Free to Trade: Democracies, Autocracies, and International Trade." American Political Science Review 94, no. 2 (June), pp. 305-321.

<https://web.stanford.edu/class/polisci243b/readings/v0002547.pdf>

Recommended documentary: Commanding Heights Episode 1 and 2

4. **Jan 24 WTO**

Cohn, p. 190-201

Andrew Rose, 2002. "Do WTO Members Have a More Liberal Trade Policy?" NBER Working Paper 9347.

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.951.2619&rep=rep1&type=pdf>

5. **Jan 26 The Political Economy of Development:** Samuels, David. 2012. Chapter 11

Jeffrey D. Sachs. The development challenge. Foreign Affairs, 84(2):78–90, 2005.

<http://www.earth.columbia.edu/sitefiles/file/about/director/documents/foreignaff0305.pdf>

6. **Jan 29 The Political Economy of Development:** Samuels, David. 2012. Chapter 11

Jeffrey D. Sachs. Government, geography, and growth. Foreign Affairs, September/

October, 2012. http://flash.lakeheadu.ca/~mshannon/Why-Nations-Fail_Sachs-Review.pdf

Daron Acemoglu and James Robinson. Response to jeffrey sachs. Blog post:

<http://whynationsfail.com/blog/2012/11/21/response-to-jeffrey-sachs.html>, November 21 2012.

Recommended movies:

States of Independence: the scramble for Africa: <https://www.youtube.com/watch?v=CgzSnZidGuU>

How the Europeans divided Africa:

<https://www.youtube.com/watch?v=wJ1uo5jvpe8&t=2653s>

7. **Feb 31 ISI vs EOI**

Cohn, p. 306-317

Causes and Effects of Import Substitution - Commanding Heights 2: Chile 19m-33m and Bolivia 49m – 60m:

<https://www.youtube.com/watch?v=oykvdDm0qwk>

Causes and Effects of Export-Oriented Growth - S. Korea: <https://www.youtube.com/watch?v=tbzOQUO16j0>

8. **Feb 2 The theory and evidence behind the Resource Curse** – Extensions: civil war opportunities and motivations – “Why Natural Resources Are a Curse on Developing Countries and How to Fix It” The Atlantic. 2012; and “When are natural resources bad for growth?” Microeconomics. 2013.

Recommended talk: Avoiding the Oil Curse: The case of Norway

<https://www.youtube.com/watch?v=Rz2-ZtISAek>

9. **Feb 5 Movie showing: The curse of oil (2004)** – <http://topdocumentaryfilms.com/the-curse-of-oil/>

Recommended:

Ross, Michael, 2015. “What have we learned about the Resource Curse?”

<https://www.sscnet.ucla.edu/polisci/faculty/ross/papers/articles/Ross%20-%20What%20have%20we%20learned%20ARPS%202015.pdf>

10. **Feb 7 Movie showing: The curse of oil (2004)** – in class discussion

11. **Feb 9 Midterm 1**

International Monetary Relations and the Politics of Debt and Aid

12. **Feb 12 International Monetary Systems and the Origins of Debt**

Toussaint, Chapter 2

Cohn, Chapter 6 (International Monetary Relations)

Recommended:

John Ruggie, “International Regimes, Transactions and Change: Embedded Liberalism in the Postwar Economic Order - skim. http://ftp.columbia.edu/itc/sipa/U6800/readings-sm/rug_ocr.pdf

Recommended documentary:

The New Scramble for Africa: https://www.youtube.com/watch?v=_KM06hTeRSY&t=1783s

13. Feb 14 Origins of Debt 2

14. Feb 16 The Debt Crisis

The crisis: Cohn, p. 339-352

Role of the WB: Cohn, p. 294-306 and 322-330

Toussaint, Chapter 3

Ferraro and Rosser. 1994. Global Debt and Third World Development. Pp. 1-19

15. Feb 19 The Debt Crisis 2

16. Feb 21 The IMF, the World Bank, and the Logic of Structural Adjustment

Toussaint, Chapter 4, Toussaint, Chapter 5, 6 (skim)

Cohn, p. 353-362

Ferraro and Rosser. 1994. Global Debt and Third World Development. Pp. 19-28

17. Feb 23 The IMF, the World Bank, and the Logic of Structural Adjustment 2

Adam Przeworski and James Raymond Vreeland, 2000. "The Effect of IMF Programs on Economic Growth." Journal of Development Economics 62, no. 2, pp. 385-421.

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.610.9437&rep=rep1&type=pdf>

Strom C. Thacker, 1999. "The High Politics of IMF Lending," World Politics 52, no. 1 (October), pp. 38-75.

<http://ws2.cdn.caijing.com.cn/2012-10-10/112180919.pdf>

Recommended movie: Life and Debt (2003)

18. Feb 26 The Case for Cancelling Debt

Toussaint, Chapter 9, pp. 215-228 and Chapter 10

Ferraro and Rosser. 1994. Global Debt and Third World Development. Pp. 28-38

19. Feb 28 The Case for Cancelling Debt 2

20. Mar 2 Issues raised by Cancelling the Debt

Toussaint, Chapter 11

Ferraro and Rosser. 1994. Global Debt and Third World Development. Pp. 28-38

21. Mar 5 Issues raised by Cancelling the Debt 2

22. Mar 7 Movie showing: Debtocracy (2011)

Recommended:

Galenianos, Manolis, 2015. "The Greek Crisis: Origins and Implications" Hellenic Foundation for European and Foreign Policy

https://www.files.ethz.ch/isn/188283/%CE%95%CF%81%CE%B5%CF%85%CE%BD%CE%B7%CF%84%CE%B9%CE%BA%CF%8C-%CE%9A%CE%B5%CE%AF%CE%BC%CE%B5%CE%BD%CE%BF_16_Manolis-Galenianos-%CE%95%CE%9DG1.pdf

23. Mar 9 Movie showing: Debtocracy (2011)– in class discussion

24. Mar 12 Foreign Aid and the crisis of African economies

Van der Walle, N. 2001. *African Economies and the Politics of Permanent Crisis*. Introduction, available on google books.

The role of Foreign Aid in Development 1997 CBO report pp. 7-51

Goldsmith, Arthur A. "Foreign Aid and Statehood in Africa." *International Organization* vol.55 no.1 (Winter 2001): 123-148.

https://www.researchgate.net/profile/Arthur_Goldsmith2/publication/4770683_Foreign_Aid_and_Statehood_in_Africa/links/54bfe9a80cf28a6324a00830/Foreign-Aid-and-Statehood-in-Africa.pdf

Recommended:

Bader, Julia and Jörg Faust (2014). "Foreign Aid, Democratization, and Autocratic Survival", *International Studies Review*, 16, 575-595

Tavares, J. (2003). "Does foreign aid corrupt?" *Economics Letters*, 79(1), 99-106.

Easterly, W. (2003). "Can foreign aid buy growth?" *The Journal of Economic Perspectives*, 17(3), 23-48.

25. Mar 14 Foreign Aid and the crisis of African economies 2

Recommended documentary: Good Fortune (2010)

26. Mar 16 Midterm 2

Globalization, Regional cooperation, and Financial crises

27. Mar 19 Globalization

Cohn, p. 382-405

Causes - Dennis Quinn and Carla Inclan, 1997. "The Origins of Financial Openness: A Study of Current and Capital Account Liberalization," *American Journal of Political Science* (1997), pp. 771-813.

<http://faculty.msb.edu/quinnd/papers/finopen97.pdf>

Effects - Alicia Adsera and Carles Boix. 2002. "Trade, Democracy, and the Size of the Public Sector: The Political Underpinnings of Openness." *International Organization* 56 (Spring), pp. 229-262.

<https://www.princeton.edu/~adsera/tradedem.pdf>

Recommended:

Duane Swank and Sven Steinmo, 2002. "The New Political Economy of Taxation in Advanced Capitalist Democracies," *American Journal of Political Science* 46(3), pp. 642-655.

Dani Rodrik, 1997. *Has Globalization Gone Too Far?* (Washington: Institute for International Economics. (Book review link:

<https://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1471&context=njilb>)

Philip G. Cerny. 1999. "Globalization and Erosion of Democracy." *European Journal of Political Research* 36 (no. 1), pp. 1-26.

28. Mar 21 Regional economic cooperation

The EU, NAFTA, and ASEAN - Cohn, p. 209-222 and p. 229-239

Phinnemore, D. 2010. "The European Union: Establishment and Development." In *European Union Politics*, 3rd ed., eds. M. Cini & N. Perez-Solorzano Borragan. New York: Oxford UP, 32-47.

29. Mar 23 TBA

March 26 – 30 Spring Break

30. Apr 2 Final paper and debate guidelines

31. Apr 4. Presentations

32. Apr 6 TBA

33. Apr 9 EU expansion

"In the Nick of Time: Survey of EU enlargement." *The Economist* (28 Mar 2008).

34. Apr 11 Political influences by EU – Translating economic leverage into political reform

Pop-Eleches, Grigore and Philip Levitz (2010). Why No Backsliding? The EU's Impact on Democracy and Governance Before and After Accession. *Comparative Political Studies* 43: 457.

35. Apr 13 Presentations

36. Apr 16 The role of FDI in development. FDI in Eastern Europe before and after the EU's 5th enlargement

Nathan Jensen, 2003. "Democratic Governance and Multinational Corporations: The Political Economy of Foreign Direct Investment." *International Organization* 57(3). - skim

<https://www.cambridge.org/core/journals/international-organization/article/democratic-governance-and-multinational-corporations-political-regimes-and-inflows-of-foreign-direct-investment/246025D12F8982BCC871F6398EB57720>

Bevan, A., Estrin, S., Grabbe, H., 2001. "The Impact of EU Accession Prospects on FDI Inflows to Central and Eastern Europe". Policy Paper, ESRC "One Europe or Several?"

37. Apr 18 The role of FDI in development. FDI in Eastern Europe before and after the EU's 5th enlargement

38. Apr 20 The challenges with FDI in developing countries – Movie showing: Power Trip (2003)

<https://www.youtube.com/watch?v=XLasmBm1MJc>

39. Apr 23 Movie showing: Power Trip (2003) – in class discussion

40. Apr 25 European Economic and Monetary Integration

Cohn, p. 222-227 and 152-155

Verdun, A. 2010. "In *European Union Politics*, 3rd ed., eds. M. Cini & N. Perez-Solorzano Borragan. New York: Oxford UP, 324-39.

Recommended:

Kathleen R. McNamara, 1998. *The Currency of Ideas: Monetary Politics in the European Union* (Ithaca: Cornell University Press).

<https://www.ssc.wisc.edu/~wright/Soc924-2011/924-2011-book-project/McNamara.pdf>

41. Apr 27 The Global Financial Crisis and the EUROcrisis

Cohn, p. 364-381

Daniel W. Drezner. The irony of global economic governance: The system worked. *World Politics*, 66(1):123–164, 2014.

<https://developmentthesis.files.wordpress.com/2014/04/66-1-drezner.pdf>

Vivien A. Schmidt. The european union's eurozone crisis and what (not) to do about it. *Brown Journal of World Affairs*, 17(1):199–213, 2010.

https://www.bc.edu/content/dam/files/schools/cas_sites/economics/pdf/Seminars/SemF2011/Schmidt.pdf

42. Apr 30 Oxford style Debate: IOs vs states. how to stimulate growth in terms of:

1. trade, loans, debt relief, structural adjustment, default
2. foreign aid and investment
3. above- and below- the state pressures for political change (e.g. anti-corruption)

43. May 2 – Review

Final Exam – Tue, May 8: 1:30pm-4:00pm

Five final points:

(1) If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities. Contact Disability Services at 303-492-8671 or by e-mail at dsinfo@colorado.edu. If you have a temporary medical condition or injury, see Temporary Injuries under Quick Links at Disability Services website (<http://disabilityservices.colorado.edu/>) and discuss your needs with me.

(2) Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. Please let me know as soon as possible whether arrangements along these lines are in order.

(3) Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, color, culture, religion, creed, politics, veteran's status, sexual orientation, gender, gender identity and gender expression, age, disability, and nationalities. See policies at <http://www.colorado.edu/policies/classbehavior.html> and at http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code

(4) The University of Colorado Boulder (CU-Boulder) is committed to maintaining a positive learning, working, and living environment. The University of Colorado does not discriminate on the basis of race, color, national origin, sex,

age, disability, creed, religion, sexual orientation, or veteran status in admission and access to, and treatment and employment in, its educational programs and activities. (Regent Law, Article 10, amended 11/8/2001). For purposes of this CU-Boulder policy, "Protected Classes" refers to race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, or veteran status. Individuals who believe they have been discriminated against should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Student Conduct (OSC) at 303-492-5550. Information about the ODH, the above referenced policies, and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://hr.colorado.edu/dh/>

(5) All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303-735-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://honorcode.colorado.edu>