

MC221 – Politics Of International Economic Relations

Spring 2006 / M W 10:20-11:40 a.m. / Case Hall 342

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Course web site: <http://www.angel.msu.edu>

Course Overview and Objectives

MC221 is the second semester of a year-long introduction to the study of international relations, and focuses on the politics of international economic relations. Using theoretical concepts, historical background, and empirical examples, the course integrates the study of international economics with the study of international politics to better understand the dynamic international political economy.

The course is organized into five parts. The first part will provide an introduction to the concepts and theoretical perspectives used in the course, including some basic economic concepts. It will also explore the impact of coalitions and other political organizations on economic outcomes, particularly those of a micro nature. The second section is a short historical overview of the rise and fall of the political economy of globalization before and after the World Wars. The rest of the course will examine the important areas of trade, finance and money (including financial crises), the relationships of industrialized countries including multinational corporations, and modernization and development.

But beyond simply understanding the theoretical and historical components of IPE, the course is also designed to develop analytic and problem-solving skills that might be applied to formulating and implementing policy responses to the challenges of a globally integrated political economy. Accordingly, the course provides structured opportunities for students to conduct policy-oriented research that will then be presented in both oral and written form. These projects are designed to improve critical reading, writing, and analytical skills as well as improve library and on-line research skills with an eye both on the short-term demands of upper division Madison courses as well as the long-term demands of future careers in business, government, law, academia, and so forth.

Course Requirements

Participation

This course relies heavily on individual participation. Your grade, however, does not depend on how much you talk (neither I nor anyone else is interested in listening to anyone talk for the sake of talking). Instead, I am interested in thoughtful contributions that exhibit some insight, opinion, or clarification that comes only from “wrestling” a little with the readings.

Since participation is so important, it is clearly necessary that everyone attend class. I do not, however, keep a roll of who attends and who does not. Instead participation will be measured through class memos and discussion questions.

Class Memos and Discussion Questions

You will be required to write a memo at least one page, but not longer than 2 pages long for each class session. These papers will be exchanged in class and within your groups and read by a fellow student who will grade on the following criteria:

Up to one point for a summary of the readings. What are the big points or contributions of the readings? How is the reading structured? What are the arguments? And so forth. I would expect that you could do this in a paragraph, two at the most.

Up to two points for explaining the significance of the reading and linking it back to previous readings/discussions. How does the reading add to the debates on development? Does the reading agree or disagree with previous authors? How? This is the meat of the paper and may take several paragraphs.

Up to one point for contributing an insight, question, or comment on the readings. This question is not one meant to “stump the class,” but rather something you are wrestling with or wonder. Or, it might be an insight into how the reading is critical or makes a major contribution, etc. Finally, you might also offer a critique of the reading. This should only take a paragraph, although you might write more if you have to explain why a contribution is especially significant.

There are 24 class periods for which you might write, 20 are necessary for full credit. If you write any in excess of 20 papers, I shall drop the corresponding papers with the lowest grade when figuring your final course grade.

Exams

There will be a midterm and a final exam. Both will be cumulative. Material will come from course readings, class lectures, and class discussions. **There will be no make-up examinations or incompletes** except in cases of medical or family emergency, and appropriate documentation will be required.

Malaysia Project

We will be dividing the class into several groups. Each group will assume an identity of an actor central to the Malaysian economy, i.e. local capitalists, labor leaders, etc. One in the class will be elected Prime Minister. Similarly assigned individuals will be asked to meet together to prepare a negotiation position surrounding capital controls in response to financial crises. Then, group members will combine with members of other groups to actually negotiate finance policy. After the negotiation is finished, each group will write a 4-6 page paper outlining their planned negotiating stance, the reasons behind that stance, the actual negotiating outcome and the reasons for success or failure.

Research Paper

You will be required to write a research paper of 10-12 pages in which you select a controversial policy issue related to IPE, carefully analyze the strengths and weaknesses of competing options, and then make *and support* a policy recommendation to the relevant decision makers. As part of this process you will be required to complete the following steps.

First, you must submit a formal paper proposal. This proposal will be 2-4 pages long and include your issue, clearly stated and a preliminary summary of the competing positions or approaches. As part of the proposal you will include a preliminary bibliography (in addition to the 2-4 pages). Second, you will then present your research topic in a 5-minute oral presentation and defend your selection to the class. Finally, you must submit a final draft of the paper. The final paper must include at least eight sources, four of which are scholarly (books or peer reviewed journal articles).

All papers must be double-spaced, 12-point font, and 1-inch margins all around (note that the default left margin in Word is 1.25).

Late papers will incur a 0.5 point grade reduction per day late (e.g. a 3.0 becomes a 2.5).

Exceptions will be granted only in cases of medical or family emergency, and only if I am informed in a timely fashion. Appropriate documentation is required.

Honors Option

Students enrolled in MC221 may receive honors credit. To receive honors credit, a student must participate in an additional honors seminar/reading group on the future of trade and economic policy. This group will meet 5-6 times during the semester (at a time convenient for all) to read and discuss Jarrod Diamond's "Guns, Germs, and Steel".

Each student will then write a 5-7 page analytical paper on this topic. **YOU MUST ACHIEVE AT LEAST A 3.5 OR BETTER TO RECEIVE HONORS CREDIT.**

Grading

- Midterm 20%
- Final Exam 25%

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|------------------------------------|-----|
| • Research Paper | 20% |
| • Formal Proposal and Presentation | 10% |
| • Malaysia Project | 10% |
| • Class Participation | 15% |

Readings

Required Reading

- Balaam, David N., and Michael Veseth, eds. 2005. *Introduction to International Political Economy*. 3rd edition. New Jersey: Prentice Hall.
- Sobel, Andrew C. *Political Economy and Global Affairs*. Washington, D.C.: CQ Press.

Optional Reading

- Epping, Randy Charles. *Beginner's Guide to the World Economy*. Revised ed. New York: Alfred Knopf, 2000.

Electronic Readings

You are expected to access some of the readings online through the MSU Library's website using your pilot account (although you may also look up the original printed versions in the library). Here is the library web page you should access:

<http://magic.lib.msu.edu/screens/opacmenu.html>

Many of the electronic readings are from a database called Proquest Direct. To get to Proquest from the MAGIC webpage listed above, Click on "Electronic Resources" and from there select "Proquest." Usually, the easiest way to get the articles is to click on "new search by word" and type in the title of the article. For articles earlier than 1997, remember to check the "back issues" box before initiating the search. Any exceptions will be noted in the course outline below.

Newspaper Reading

In addition to other assignments, you should keep up with major IPE issues in the news. Good sources include the *New York Times* (current issues available free on the web at www.nytimes.com), *Financial Times* (available free on the web at www.ft.com), *Economist* (a few selected free articles are available at www.economist.com), *Wall Street Journal* (Dow Jones News Retrieval available free only through MSU Library site in the electronic resources section, only to computers located on campus). Please see me if you are interested in discounted hard copy subscriptions. We will discuss relevant topics in class, and questions about high profile stories may appear on the quiz or exams.

Course Outline

Date Class
 No.

T=Textbook
W=WWW
MR = Madison Reserve
UR = MSU Library Reserve

PART I: INTRODUCTION TO THE THEORIES AND CONCEPTS

1/9	1	<u>Course Introduction- Perspectives on International Political Economy</u>	
		• Milner, Helen. "International Political Economy: Beyond Hegemonic Stability." <i>Foreign Policy</i> 110, Spring (1998): 112-123.	W
		• Balaam and Veseth, Ch. 1	T
		• Sobel, Ch. 1	T
1/11	2	Critical Perspectives on the IPE	
		• Balaam and Veseth Ch. 5	T
		• Sobel Ch. 2.	T
1/16		<u>Martin Luther King Holiday – No Classes</u>	
1/18	3	<u>Mercantilism and Economic Nationalism</u>	
		• Balaam and Veseth, Ch. 2	T
		• Sobel, Ch. 3.	T
1/23	4	<u>Liberalism</u>	
		• Balaam and Veseth, Ch. 3	T
		• Sobel, Ch. 5	T
1/25	5	<u>Marxism</u>	
		• Balaam and Veseth, Ch. 4	T
		• Gilpin, Robert. 1987. <i>The Political Economy of International Relations</i> . New Jersey: Princeton University Press, Ch. 2, pp. 34-43, 50-64 and Ch. 7, pp. 263-290.	W
1/30	6	<u>Political and Economic Market Failure</u>	
		• Sobel, Ch. 12	T
2/1	7	<u>Collective Action and Hegemonic Stability</u>	
		• Sobel, Ch. 13	T
2/6	8	<u>Interest groups, Coalitions, Political Cleavage, and Economic Outcomes</u>	
		• Sobel, Ch 14	T
		• Waldner, David. 1999. "State Building and Late Development," Chapt. 1, 2, pp 1-52.	W
2/8	9	<u>Institutions</u>	
		• Sobel Ch. 15.	T
		• Hicken, Allen and Bryan Ritchie. 2002. "The Origin of Credibility Enhancing Institutions in Southeast Asia." Paper delivered at the annual meeting of the American Political Science Association, Boston Copley Place Marriott, August 28 – September 1, 2002.	W

PART 2: HISTORY OF GLOBALIZATION

2/13 **10** **The Advent of Globalization**

	• Sobel, Ch. 7	T
2/15	11 <u>The world between the wars and Bretton Woods</u> • Sobel, Ch. 8,9	T
2/20	12 <u>Post Bretton woods and transition</u> • Sobel, Ch. 10, 11	T
PAPER TOPIC DUE		
2/22	13 Proposal Presentations	
2/27	14 Proposal Presentations	
3/1	MIDTERM EXAMINATION	
3/6-3/10	SPRING BREAK	
PART 3: TRADE, FINANCE, AND MONEY		
3/13	15 <u>Trade and Investment Policymaking: International Structure</u> • Balaam and Veseth, Ch. 6 • Optional: Epping, No. 14-17, 20, 38.	T
3/15	16 <u>World Trade Organization and IMF</u> • Balaam and Veseth, Ch. 8 • Noland, Marcus. "Learning to Love the WTO." <i>Foreign Affairs</i> 78, no. 5 (1999). • Kenneth Rogoff, "The IMF Strikes Back", <i>Foreign Policy</i> (January/February 2003): 39-46. • Video: "The Empty ATM" • Optional: Epping, No. 64.	T W W
3/20	17 <u>International Finance and Asian Financial Crisis</u> • Balaam and Veseth, Ch, 7,8 • Optional: Epping, No. 47.	T
3/22	18 <u>Finance and Money: Policymaking</u> • Malaysia Capital Controls Project • Optional: Epping, No. 36.	
3/27	19 <u>Globalization and financial crises: Solutions</u> • Jagdish Bhagwati, "The Capital Myth," <i>Foreign Affairs</i> , May/June (1998): 7-12. • Wade, Robert, and Frank Veneroso. "The Gathering Support for Capital Controls? Southeast Asia's Financial Crisis." <i>Challenge</i> 41, Nov. (1998). • Garten, Jeffrey E. "Lessons for the Next Financial Crisis." <i>Foreign Affairs</i> 78, no. 2 (1999): 76-92.	W W W
PART 4: THE POLITICAL ECONOMY OF INDUSTRIZED COUNTRIES		
3/29	20 <u>European Monetary Union</u> • Balaam and Veseth, Ch. 11 • Optional: Epping, No. 49-50.	T
4/3	21 <u>U.S. Foreign Economic Policy and NAFTA</u> • Balaam and Veseth, Ch. 9 & 12	T

4/5	22 <u>Japanese Foreign Economic Policy</u> <ul style="list-style-type: none"> • Balaam and Veseth, Ch. 13 	T
4/10	23 <u>Multinational Corporations: Introduction</u> <ul style="list-style-type: none"> • Balaam and Veseth, Ch. 17 • Optional: Epping, No. 6, 28 	T
MALAYSIA PAPER DUE		
PART 5: DEVELOPMENT		
4/12	24 <u>Introduction to Development</u> <ul style="list-style-type: none"> • Balaam and Veseth, Ch. 15, 19. • Optional: Epping, No. 57-58, 62. 	T
4/17	25 <u>The Development Debate</u> <ul style="list-style-type: none"> • Doner, Ritchie, Slater. 2005. "Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective." <i>International Organization</i>. Vol. 59:2 (Spring), pp. 327-361. 	W
4/19	26 <u>Environmental Considerations</u> <ul style="list-style-type: none"> • Balaam and Veseth, Ch. 20 	T
4/24	27 <u>The IPE of OIL: Rentier Development</u> <ul style="list-style-type: none"> • Ross, Michael L. 1999. "The Political Economy of the Resource Curse." <i>World Politics</i>. Vol. 51 (January), pp. 297-322. • Nancy Birdsall and Arvind Subramanian. 2004. "Saving Iraq from its Oil." <i>Foreign Affairs</i>. July/August 2004. 	W W
FINAL DRAFT OF RESEARCH PAPER DUE		
4/26	28 <u>A Second American Century?</u> <ul style="list-style-type: none"> • Mortimer B. Zukerman, "A Second American Century," <i>Foreign Affairs</i>, May/June (1998): 18-31. • Broad, Robin. "Death of the Washington Consensus." <i>World Policy Journal</i>. Fall (1999). 	W W
5/1	FINAL EXAM, 10-12 P.M. Monday May 1	

Criteria for an “A” Paper

(Adapted from Rick Doner and Joanne Brzinski, Emory University, 1999)

What is written without effort is in general read without pleasure – Samuel Johnson.

Topic/Argument: A strong paper is one that goes beyond describing a phenomenon and poses a puzzle for explanation. Why did the United States play such a major role in the creation of the post-war international trade and monetary systems? What has been the role of the Japanese Ministry of International Trade and Industry in helping declining industries? What have been the consequences of the changes in Japan’s electoral system? In posing a puzzle, it is useful to keep a few things in mind. One is the utility of identifying competing explanations and positioning yourself within the debate. The second is the importance of asking a question where you can find evidence to build an argument. The third is that you will probably not be able to make an airtight case for one side or the other. That is fine. Just be clear as to where your evidence is weak and what kind of information you would need to make a stronger argument.

Structure: The introduction 1) identifies the basic question, puzzle, objective of the paper; 2) tells the reader why the topic is important in terms of policy, theory, and/or class themes; 3) briefly presents the paper’s basic argument; 4) lays out how the author intends to proceed (i.e., identifies the paper’s overall structure). A long paper should have clear sections and headings (and maybe subheadings). For both short and long papers, there should be a clear set of points that relate to the puzzle you have identified. Transitions between sections are clear. The conclusion should summarize basic arguments and evidence, relate the paper to the course, and offer something that is new or different relative to the existing literature.

Evidence: Your arguments must be backed up by empirical evidence. The paper should acknowledge situations where evidence is not available. You will need to look at both scholarly literature on an issue and empirical information about it. Your evidence must be fully referenced throughout the paper.

Sources: You should use at least 10 sources and not rely on class texts. Your sources should be varied. You should use scholarly journal articles and books. Use the various research databases (e.g. ABCPoliSci, ABIInform, Nexis, JSTOR) to find relevant journal articles. Newspapers, magazines, and journals are useful sources of information as well. On-line resources are very useful, but use them primarily to supplement rather than replace more traditional sources. Official sources (e.g., government, international organization web pages, government documents) are appropriate to use. However, there are some instances where student work or personal comments are posted on the web. These sorts of sources should be avoided.

Bibliography: Bibliographic and end/foot/internal note citations must be correct and consistent, not only for books and articles, but for web-based evidence as well. The following volumes, available at both the Madison and MSU libraries, can help:

- The Chicago Manual of Style: The Essential Guide for Writers, Editors, and Publishers. 14th edition. Chicago: University of Chicago Press, 1993.
- Gibaldi, Joseph. 1999. *MLA Handbook for Writers of Research Papers*. 5th edition. New York: The Modern Library Association of America.
- Turabian, Kate. 1996. *Manual for Writers of Term Papers, Theses and Dissertations*. 6th edition. Chicago: University of Chicago Press.
- For citing materials from the World Wide Web, please refer to [URL:http://www.ipl.org/ref/QUE/FARQ/netciteFARQ.html](http://www.ipl.org/ref/QUE/FARQ/netciteFARQ.html)

Grammar/Spelling: Close to perfect. A few isolated errors are OK, but any patterns of error are not. These might include subject-predicate disagreement; confusing their/there, its/it’s etc.; non-sequiturs; run-on sentences. Paragraphs and sentences should be relatively short. Try to avoid repeating mistakes in later papers that have been identified in earlier ones.

Relevance to the Course: Papers should apply appropriately the ideas from the readings and class discussions.