

MC 221 – Politics of International Economic Relations

Section 3

Professor Lisa D. Cook
James Madison College and
Department of Economics
Michigan State University
Spring 2007
MW 3pm – 4:20pm
340 Case Hall

Contact Information:

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Course Web Site: <http://www.angel.msu.edu/>

Office Hours: 12:45pm – 2:45pm, Wednesday, 357 North Case Hall (JMC) and by appointment

Course Scope and Objectives

MC 221 is the second semester of a year-long introduction to the study of international relations. The emphasis of the course is on the emergence and transformation of the international economic order. MC 221 introduces and hones the concepts needed to integrate the study of international and development economics with the study of international politics. The course proceeds in five parts.

- 1) The first part of the course provides an analytic framework for the study of international economic policymaking.
- 2) The second part of the course examines theories of political economy that attempt to explain the emergence and transformation of the international economy.
- 3) The third part focuses briefly on the historical dimensions of international economic relations, particularly prior to World War II.
- 4) In the fourth part we consider the systems and institutions that govern international economic relations, including international trade, monetary and financial systems, multinational corporations, and technological change and transfer.
- 5) The fifth part explores the special challenges faced by developing (and transition) economies and by the U.S. in international economic policymaking.

In addition to the acquisition of problem-solving skills, it is anticipated that students in the course will use several opportunities to apply these skills to policy-related problems, such as the research paper and in class discussion. Beyond MC 221 it is anticipated that

the skills acquired would be applicable to careers in law, government, business, and academia.

Course Requirements and Grading

Attendance is required and will be taken randomly. It is expected that readings will be completed *before* the class for which they are assigned. Exams will be based on the content of readings, lectures, and class discussions. Late assignments and exams will *not* be accepted. In the case of medical or family emergency, appropriate documentation will be required. To pass the course, *each* of the following components should be completed satisfactorily.

Grading

| <i>Component</i> | <i>Percentage</i> |
|---|-------------------|
| Final exam | 25% |
| Midterm exam | 20% |
| Research paper | 25% |
| Participation (assignments, attendance) | 20% |
| Research proposal and presentation | 10% |
| TOTAL | 100% |

Research Paper and Proposal

Each student will be required to complete a research paper that addresses a significant policy issue in international political economy. The paper should contain a thoughtful analysis of different policy options and a policy recommendation, on which the student takes and supports a position and addresses to an appropriate decision-maker. The paper should be no less than ten (10) and no more than twelve (12) pages, including footnotes, charts, graphs, tables, and references, and should contain no less than ten (10) titles of published books and articles published in peer-reviewed journals. The paper should be double-spaced with at least one-inch margins and at least a 12-point font.

Prior to submission of the research paper, each student will submit a paper topic and a research proposal of three to five (3-5) pages. The paper topic should be two to three (2-3) sentences in length and submitted in class on the due date. The research proposal should include a clear statement of the policy problem under consideration, including its significance; a clear summary of opposing positions or arguments; a detailed outline of the argument to be developed in the paper; and a preliminary literature review with at least four (4) titles of published books and articles published in peer-reviewed journals. THE RESEARCH PROPOSAL MUST BE DISCUSSED IN OFFICE HOURS PRIOR TO ITS SUBMISSION.

Good writing and careful editing are essential. Points will be deducted for poor writing and editing. Please seek help from the many writing resources available at James Madison College and at Michigan State University *before* submitting your written work. All written assignments must be typed (twelve-point font, 8.5"x11" paper), be double-spaced, and have a one-inch margin on all sides.

Each student will present his or her proposal to the class for up to four (4) minutes. The presentation should include a clear, concise statement of the policy problem under consideration, including its significance; a clear, concise summary of the debate related to the issue; and a brief outline of the argument to be developed in the paper. Attendance by all is expected during student presentations.

Exams

There will be a midterm exam and a final exam. **NO MAKE-UP EXAMS WILL BE GIVEN.**

Assignments

Five (5) memos (2 pages each), up to two (2) pop quizzes, and two (2) exercises will be required. The pop quizzes will be related to the reading material and may also test the student's knowledge of relevant current events. One exercise will be a review of economic concepts, and another will be an in-class debate or simulation. Memos can be single-spaced, must be typed, and should have at least one-inch margins. Memos will be exchanged in class and read by a fellow student who will grade using the following criteria:

- i) Summary of the readings (≤ 2 points, 2-4 paragraphs)
 - a. What are the main arguments of the readings?
 - b. How are the readings related?
 - c. How are the readings different?
- ii) Significance of the reading and its relation to prior readings and discussions (≤ 1 point, 1 paragraph)
 - a. How is the work related to the course?
 - b. How does the work shed light on the work of the course?
- iii) Insight (≤ 1 point, 1 paragraph)
 - a. How might the contribution of the readings be used in designing or executing the student's research?
 - b. Is there an important question or issue that the readings raise that has not been raised in class?

Hard copies of assignments should be brought to class by the student on the due date. Due dates are fixed, and **LATE WORK IS NOT ACCEPTED.** Work that is not submitted in class by the student himself or herself **IS NOT ACCEPTED.** Points will be deducted if assignment instructions are not followed, e.g., minimum content and page limits.

Participation

Attendance will provide a measure of the *quantity* of the student's participation. The *quality* of a student's participation will be measured by his or her active and meaningful engagement in class discussion and by his or her performance on the assignments. In particular, students are requested to keep abreast of current economic and political events, using online publications (see MSU Libraries electronic resources web page) and other means. Paper copies of the *New York Times* are free and available to JMC students. Both measures of participation will be important in determining a grade for participation.

While it is expected that class discussion will be open, it is also expected that exchanges will be *civil* and *respectful* of all ideas and people in the course.

Honors Option

Students enrolled in MC 221 may receive honors credit. To receive honors credit, a student must participate in an additional honors seminar/reading group. This group will meet several times during the semester to read and discuss *Making Globalization Work* by Joseph Stiglitz. Each student must write and submit a critical analysis of the book (8-10 pages total) and must receive at least a grade of 3.5 in the course to receive honors credit.

Academic Dishonesty

MC 221 will be conducted according to the college's policies on academic (dis)honesty. If you need clarification on these policies, please speak to the instructor or to the College's Director of Academic Affairs.

Readings

Required:

- 1) David N. Balaam and Michael Veseth, *International Political Economy*, 3rd Edition. New York: Prentice Hall, 2005.
- 2) Jeffrey Frieden and David Lake, *International Political Economy*, 4th Edition. Belmont, CA: Wadsworth, 2000.

Part I. Introduction and Analytic Framework

January 8, 2007

Balaam and Veseth, Chapter 1. (T)

"China in Africa: Never too late to scramble,"

http://www.economist.com/world/africa/displaystory.cfm?story_id=8089719.

"The Dragon and the Eagle" (Survey of the World Economy), *The Economist*, September 30, 2004. (W)

“Foreign Reserves (graph),” *The Economist*, January 4, 2007,
http://www.economist.com/markets/indicators/displaystory.cfm?story_id=8504883.
“Migrants’ remittances, 2006 (graph),” *The Economist*, November 25, 2006,
http://www.economist.com/markets/indicators/displaystory.cfm?story_id=8319564.

January 10, 2007

Balaam and Veseth, Chapter 1. (T)
Frieden and Lake, “International Politics and International Economics,” pp. 1-16. (T)
William Easterly, “Governments Can Kill Growth,” *The Elusive Quest for Growth*, MIT Press, 2001, Chapter 11, pp. 218-239. (W)

January 15, 2007

MLK Holiday – No Class

January 17, 2007

[Review of economic principles, tools of open-economy macroeconomics]
“GDP growth forecasts, 2007,” *The Economist*, January 4, 2007,
http://www.economist.com/markets/indicators/displaystory.cfm?story_id=8495051.
“McCurrencies (Big Mac Index),” *The Economist*, May 25, 2006,
http://www.economist.com/markets/bigmac/displaystory.cfm?story_id=6972477.

Part II. Theories of International Political Economy

A. Mercantilism and Economic Nationalism

January 22, 2007

Balaam and Veseth, Chapter 2. (T)
Stephen Krasner, “State Power and the Structure of International Trade,” Chapter 1 in Frieden and Lake. (T)

Exercise #1 Due

January 24, 2007

Barry Eichengreen, “The Political Economy of the Smoot-Hawley Tariff,” Chapter 2 in Frieden and Lake. (T)
Susan Strange, “States, Firms, and Diplomacy,” Chapter 4 in Frieden and Lake. (T)

B. International Liberalism

January 29, 2007

Balaam and Veseth, Chapter 3. (T)
Robert Gilpin, *The Political Economy of International Relations*. Princeton: Princeton University Press, 1987, Chapters 2 and 3. (W)

Memo #1 Due

C. Marxism

January 31, 2007

Balaam and Veseth, Chapter 4. (T)

Gilpin, Chapters 2 and 7. (W)

D. The Green and Feminist Perspectives

February 5, 2007

Balaam and Veseth, Chapters 5 and 20. (T)

Anne Sisson Runyan, "Of Markets and Men: The (Re)Making(s) of IPE," in *Constituting International Political Economy*. Boulder: Lynne Rienner Publishers, 1997, pp. 79-90. (W)

Recommended: Alison Butler, "Environmental Protection and Free Trade: Are They Mutually Exclusive," Chapter 29 in Frieden and Lake. (T)

Memo #2 Due

Part III. History

A. History of Globalization

February 7, 2007

Douglass North, "Institutions and Economic Growth: A Historical Introduction," Chapter 3 in Frieden and Lake. (T)

Kevin O'Rourke and Jeffrey G. Williamson, *Globalization and History*. Cambridge, MA and London, England: MIT Press, 1999, pp. 1-28. (W)

B. History and Trade

February 12, 2007

Charles P. Kindleberger, "The Rise of Free Trade in Western Europe," Chapter 5 in Frieden and Lake. (T)

Peter Alexis Gourevitch, "International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896," Chapter 6 in Frieden and Lake. (T)

Paper Topic Due

C. History, Investment, and Hegemony

February 14, 2007

Jeffrey A. Frieden, "International Investment and Colonial Control: A New Interpretation," Chapter 7 in Frieden and Lake. (T)

Niall Ferguson, "Sinking Globalization," *Foreign Affairs*, December 2005. (W)

Memo #3 Due

Part IV. Systems and Institutions of IPE

A. International Trade

February 19, 2007

Balaam and Veseth, Chapter 6. (T)

Coughlin, Chrystal, and Wood, "Protectionist Trade Policies: A Survey of Theory, Evidence, and Rationale," Chapter 19, Frieden and Lake. (T)

February 21, 2007

Ronald Rogowski, "Commerce and Coalitions: How Trade Affects Domestic Political Alignments," Chapter 20, Frieden and Lake. (T)

Edward D. Mansfield and Marc L. Busch, "The Political Economy of Nontariff Barriers: A Cross-National Analysis," Chapter 23 in Frieden and Lake. (T)

Paper Proposal Due

February 26, 2007

Richard B. Freeman, "Are Your Wages Set in Beijing?" Chapter 22 in Frieden and Lake. (T)

Marcus Noland, "Learning to Love the WTO." *Foreign Affairs*, September/October 1999. (W)

World Trade Organization, "The WTO in Brief." (W)

"Anti-dumping (graph), *The Economist*, November 30, 2006,

http://www.economist.com/markets/indicators/displaystory.cfm?story_id=8357950.

February 28, 2007

MIDTERM EXAMINATION

March 5 – March 9, 2007

Spring Break

B. International Finance and Money

March 12, 2007

Balaam and Veseth, Chapters 7 and 8. (T)

Barry Eichengreen, "Hegemonic Stability Theories of the International Monetary System," Chapter 14, Frieden and Lake. (T)

March 14, 2007

Balaam and Veseth, Chapter 11. (T)

Benjamin Cohen, "The Triad and the Unholy Trinity: Problems of International Monetary Cooperation," Chapter 15 in Frieden and Lake. (T)

"Hedge funds: Capitals of capital," *The Economist*, August 31, 2006,

http://www.economist.com/finance/displaystory.cfm?story_id=7855429

Recommended:

Jeffrey A. Frieden, "Exchange Rate Politics," Chapter 16 in Frieden and Lake. (T)

Charles Wyplosz, "EMU: Why and How It Might Happen," Chapter 17 in Frieden and Lake (T)

Joseph E. Stiglitz, *Globalization and Its Discontents*, W.W. Norton & Company, New York, 2002, pp. 3-22, "The Promise of Global Institutions."

C. Debt and Financial Crises

March 19, 2007

Steven Radelet and Jeffrey Sachs, "The Onset of the East Asian Financial Crisis," p. 1-12, 39. (W)

John B. Goodman and Louis W. Pauly, "The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets," Chapter 18 in Frieden and Lake. (T)

Memo #4 Due

D. Production

March 21, 2007

Balaam and Veseth, Chapter 17. (T)

Jeffrey A. Hart and Aseem Prakash, "Strategic Trade and Investment Policies: Implications for the Study of International Political Economy," Chapter 12 in Frieden and Lake. (T)

Recommended:

David Fieldhouse, "'A New Imperial System'?: The Role of the Multinational Corporations Reconsidered," Chapter 11 in Frieden and Lake. (T)

Shah M. Tarzi, "Third World Governments and Multinational Corporations: Dynamics of Host's Bargaining Power," Chapter 10 in Frieden and Lake. (T)

March 26, 2007

Paper Proposal Presentations

March 28, 2007

Paper Proposal Presentations

E. Knowledge and Technology

April 2, 2007

Balaam and Veseth, Chapter 10. (T)

Nathan Rosenberg, Ralph Landau, and David C. Mowery, eds., *Technology and the Wealth of Nations*, Stanford University Press, Stanford, CA, 1992, pp. 1-14. (W)

William Easterly, *The Elusive Quest for Growth*, MIT Press, 2001, Chapter 9 “Creative Destruction: The Power of Technology,” pp. 171-192. (W)

April 4, 2007

Commission on Intellectual Property Rights, “Debate on Intellectual Property Rights.” (W)

“Starbucks v Ethiopia: Storm in a coffee cup,” *The Economist*, November 30, 2006, http://www.economist.com/business/displaystory.cfm?story_id=8355026.

Birgitte Anderson, Zeljka Kozul-Wright, and Richard Kozul-Wright, "Copyrights, Competition and Development: The Case of the Music Industry," UNCTAD, January 2000, pp. 1-16, 23-24. (W)

“Patent filings (graph),” *The Economist*, December 13, 2006,

http://www.economist.com/markets/indicators/displaystory.cfm?story_id=8413171.

F. Oil and IPE

April 9, 2007

Balaam and Veseth, Chapter 18. (T)

Nancy Birdsall and Arvind Subramanian, “Saving Iraq from its Oil,” *Foreign Affairs*, July/August 2004. (W)

“Vladimir Putin’s Russia,” *The Economist*, December 13, 2006. (W)

Memo #5 Due

Part V. Challenges of Development and U.S. Foreign Economic Policy

A. Development

April 11, 2007

Balaam and Veseth, Chapter 15. (T)

Frieden and Lake, “Economies in Development and Transition,” pp. 377-381. (T)

Joseph Stiglitz and Lyn Squire, “International Development: Is it Possible?,” Chapter 25 in Frieden and Lake. (T)

April 16, 2007

William R. Cline, “Doha and Development,” *Foreign Affairs*, December 2005 (WTO Special Edition). (W)

Dani Rodrik, "Sense and Nonsense in the Globalization Debate," Chapter 31 in Frieden and Lake. (T)

Recommended:

Robin Broad, John Cavanagh, and Walden Bello, "Development: The Market Is Not Enough," Chapter 26 in Frieden and Lake. (T)

Joseph E. Stiglitz, "Broken Promises," *Globalization and Its Discontents*, W.W. Norton & Company, New York, 2002, pp. 23-52. (W)

Exercise #2 (In-Class Debate)

B. Challenges of American Foreign Policy

April 18, 2007

C. Fred Bergsten, "Foreign Economic Policy for the Next President," *Foreign Affairs*, March/April 2004. (W)

Gary C. Hufbauer and Jeffrey J. Schott, *NAFTA Revisited: Achievements and Challenges*. Washington: IIE, 2005, pp. 1-16, 61-62, 467-472, 490. (W)

April 23, 2007

David H. Levey and Stuart S. Brown, "The Overstretch Myth," *Foreign Affairs*, December 2005. (W)

David A. Lake, "British and American Hegemony Compared: Lessons for the Current Era of Decline," Chapter 8 in Frieden and Lake. (T)

Final Draft of Research Paper Due

April 25, 2007

Summary and Review

May 2, 2007

FINAL EXAMINATION, 3pm – 5pm

T: Textbook

W: Available on ANGEL course web site or MSU library's electronic resources