

PLSC 136: Trade, Money and Power
Spring 2015, Mondays 1:30-3:20
Location TBD

Instructor: Margaret Peters
Campus Address: D236 Institute for Social and Policy Studies
77 Prospect St.
Email: margaret.peters@yale.edu
Web: <http://margaretpeters.commonsw.yale.edu/>
Office Hours: Fridays 10-12 and by appointment

Overview

This course examines the politics of international economic relations. It focuses on the ways in which domestic and international politics affect both national economic policymaking and developments in the world economy. The course begins with a discussion of the analytical “building blocks” of international political economy, which we can use to understand and explain the causes and effects of trends in the world economy. It then examines different aspects of the international economy – trade, international finance and migration – followed by discussions of how these different aspects affect individual people, the environment and development. Along the way, we will focus on which groups have power in the global economy and how they use this power.

Requirements

- The main requirement is a final paper or senior essay if you choose to write your senior essay in the class. To help you all write better papers and learn more about the research process, the assignments break up the final paper into smaller assignments. You are expected to incorporate the feedback from the earlier assignments into the final paper.
 - Question for research (10% of grade) due in class **January 26th**
 - 2 double-spaced pages
 - What question do you want to address?
 - Why is this an important question to address?
 - Literature Review (15% of grade) due in class **February 16th**
 - 3 double-spaced pages
 - Find and summarize relevant research on your question
 - Draft of your argument (15% of grade) due in class **March 2nd**
 - 5 double-spaced pages
 - Discuss your argument and how it differs from those in the literature
- Final Paper (40% of grade)/ **Senior Essay due April 20th by 4PM**
 - 12-15 double-spaced pages if you are not writing a senior essay.
 - If you are writing your senior essay in this class, see senior essay instructions for page length and other details.
 - Paper should incorporate the previous assignments as well as testing of the argument (to be discussed in further detail later)

- Participation (20% of grade)
 - Every student must attend class on a weekly basis. Only active participation will receive a high mark. Students who show up but do not contribute to class discussion will be given a C for their participation grade. This is not to penalize introverts, but to help you learn how to participate constructively in a group setting. Almost all careers have some amount of meetings/ group interactions and this is a safe place to practice engaging in a group setting.
 - Similarly, students who miss class without a Dean's Excuse will be marked down. 3 or 4 unexcused absences will mean that the student can earn no higher than a C for participation; 5 unexcused absences will lead to a grade no higher than D; and 6 or more unexcused absences will result in students **failing the course.**

Students with disabilities

Students with disabilities will be fully included in this course. Students who may need an academic accommodation based on the impact of a disability must initiate the request with the Resource Office on Disabilities. The Resource Office on Disabilities is located at 35 Broadway, Room 222, 203-432-2334, <http://yalecollege.yale.edu/content/resource-office-disabilities>.

Readings

Main Texts

Frieden, Jeffrey A., and David A. Lake. *International Political Economy: Perspectives on Global Power and Wealth*. (Boston: Bedford/St. Martin's, 2000.) 4th or 5th ed. [Frieden & Lake]

NOTE: The library has an electronic copy of the 4th edition that you can access on campus.

Thomas Oatley. *International Political Economy: Interests and Institutions in the Global Economy*. (New York: Pearson Longman, 2008). 5th edition. [Oatley]

NOTE: This book is somewhat expensive and there is no ebook that the library can purchase. The library has purchased two copies and put them on reserve at Bass.

Other readings

All other readings (marked with an *) can be found under the Course Reserves tab of Classesv2.

Computer use in class

Laptops will not be permitted in class. If you have a pressing reason why you must use a laptop, you may email me and I will allow laptops on a case by case basis. E-readers (iPads, Kindles, etc.) are permitted.

Academic Integrity

From the Yale College Undergraduate Regulations: "Yale regards cheating as a serious offense, for which the standard penalty is two semesters of suspension." Please see the

Regulations for more about what counts as cheating on exams and plagiarism on papers (<http://yalecollege.yale.edu/content/undergraduate-regulations>).

You must document all of your source material. If you take any text from somebody else, you must make it clear the text is being quoted and where the text comes from. You must also cite any sources from which you obtain numbers, ideas, or other material. If you have any questions about what does or does not constitute plagiarism, ask! Further, citing your work does not detract from it; it makes your work better because you show that your point is supported by an expert in the field. Please see the Writing Center for more details <http://writing.yalecollege.yale.edu/advice-students/using-sources/understanding-and-avoiding-plagiarism>.

Further, all work should be original to this class – you may not use papers written for other classes without prior approval.

I will use online tools to check for plagiarism.

Final policies, notes, etc.

Contacting the professor: Email is the best way to reach me. I will try to respond in a timely manner, but understand that I may not answer email between 9PM and 9AM on weekdays and may not be available on the weekends.

How to find my office: Enter through the main door of ISPS and go through the next set of doors. Continue through the common room and then turn right. Go left down the hallway at Pam Lamonaca's desk. Go all the way back and up the stairs. Turn left and left again, walk straight down the hallway and my office is on the left.

Finally, the syllabus is a guide and may be amended; most likely some material may be cut or abridged.

Schedule

PART I: INTRODUCTION

January 12: Trends and Causes of Globalization; Russia: A Case Study in the Use of Economic Power and its limits

- Russia: Case Study
 - <http://www.vox.com/2014/12/16/7401401/ruble-collapse-interest-rates>
 - <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/12/15/russia-s-economy-is-doomed-its-that-simple/>
 - <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/12/16/plunging-oil-prices-are-doing-obamas-foreign-policy-for-him/>
- Trends and Causes of Globalization
 - Dani Rodrik, "A Parable for the World Economy," from *The Globalization Paradox* (http://rodrik.typepad.com/dani_rodriks_weblog/2011/04/a-

[parable-for-the-world-economy.html](#)). Also, “The economics of a parable explained” (http://rodrik.typepad.com/dani_rodriks_weblog/2011/04/the-economics-of-a-parable-explained.html).

- Robert Solow, “Hedging America” (review of John Cassidy’s *How Markets Fail*), *The New Republic*, January 12, 2010 (<http://www.tnr.com/article/books-and-arts/hedging-america>).
- (*) Jeffrey Frankel. “Globalization of the Economy.” In *Governance in a Globalizing World*, edited by Joseph S. Nye and John D. Donahue, (Washington, D.C.: Brookings Institution Press, 2000): 45-71.

PART II: EXPLAINING FOREIGN ECONOMIC POLICY

January 16: Theoretical Building Blocks of Trade, Migration and Money and Finance

- Oatley, Chapter 3 & 10
- Freeman, Richard B. “Are your wages set in Beijing” (In Frieden & Lake).
- (*) Peters, Margaret “Trade and Migration” In *The Oxford Handbook on the Politics of International Trade*
- Cohen, Benjamin J. “The Triad and the Unholy Trinity: Problems of International Monetary Cooperation.” (In Frieden & Lake)
- Background reading (recommended, not required)
 - (*) Frieden, Lake and Schultz *World Politics: Interests, Interactions Institutions*. Chapters 7-9. This is a text book and should make fairly quick reading.

January 26: Power and the International Economy

- Oatley, Chapter 2 & 5
- Krasner, Stephen D. “State Power and the Structure of International Trade.” (In Frieden & Lake.)
- Lake, David A. “British and American Hegemony Compared: Lessons for the Current Era of Decline.” (In Frieden & Lake)
- Eichengreen, Barry. “Hegemonic Stability Theories of the International Monetary System.” (In Frieden & Lake)

February 2: The Three I’s: Domestic Interests, Institutions and Ideas

- (*) Jeff Frieden, David Lake, and Kenneth Schultz, “Understanding Interests, Interactions, and Institutions,” Chapter 2 in *World Politics*, pp. 40-79.
- Douglas North. “Institutions and Economic Growth: A Historical Introduction.” (In Frieden & Lake)
- (*) Ikenberry, G. John. 1993. “Creating Yesterday’s New World Order: Keynesian ‘New Thinking’ and the Anglo-American Postwar Settlement.” In *Ideas and Foreign Policy*. Ithaca, NY: Cornell University Press.

- (*)Rodrik, Dani. 2014. "When Ideas Trump Interests: Preferences, Worldviews, and Policy Innovations." *Journal of Economic Perspectives*, 28(1): 189-208.

PART III: EXPLAINING THE GLOBAL ECONOMY

February 9: Interest Groups and Trade: Who wins, who loses, who controls policy?

- Coughlin, Chrystal and Wood. "Protectionist Trade Policies: A Survey of Theory, Evidence and Rational" (In Frieden & Lake)
- Ronald Rogowski. "Commerce and Coalitions: How Trade Affects Domestic Political Alignments" (In Frieden & Lake)
- Alt and Gilligan "The Political Economy of Trading States" (In Frieden & Lake)

February 16: Trade Agreements: Why do we have the WTO? Does it Work?

- (*) John H. Barton et al. 2006. *The Evolution of the Trade Regime: Politics, Law and Economics of the GATT/WTO*. Chapters 1 & 2
- (*) Leslie Johns and Lauren Peritz. "The Design of Trade Agreements" *The Oxford Handbook of Politics of International Trade*.
- Ronald W. Cox "Explaining Business Support for Regional Trade Agreements" (In Frieden & Lake)
- (*) Micheal Tomz, Judith Goldstein and Douglas Rivers. 2007. "Do We Really Know that the WTO Increases Trade? Comment" *The American Economic Review*. 97(5): 2005-2018

February 23: Exchange rates: Who Fixes, Who Floats, Why Is the Euro Causing Havoc? Why do we care about the value of the Chinese Renminbi?

- Oatley Chapters 12 & 13
- Jeffrey Frieden. "Exchange Rate Politics" (In Frieden & Lake)
- Lawrence Broz "The Domestic Politics of International Monetary Order: The Gold Standard." (In Frieden & Lake)
- (*) David Steinberg and Stefanie Walter "The Political Economy of Exchange Rate Policy" *Encyclopedia of Financial Globalization*, Caprio, Gerard, Thorsten Beck, Charles Calomiris, Takeo Hoshi, Peter Montiel and Garry Schinasi (eds.)Elsevier.
- Matthew Yglesias. May 28, 2014. "They saved the eurozone; they just forgot to save the people" *Vox* <http://www.vox.com/2014/5/9/5675398/they-saved-the-eurozone-they-just-forgot-to-save-the-people>

March 2: Global Financial Flows: Where do investors place their money? Where do MNCs invest? Which countries get to borrow on international markets?

- Oatley Ch. 14 & 15
- (*) Michael Tomz. *Reputation and International Cooperation: Sovereign Debt across Three Centuries*. Chapter 1
- (*) Menzie D. Chinn and Jeffrey A. *Lost Decades: The Making of America's Debt Crisis and the Long Recovery*. Preface and Chapter 1.

March 23: The Politics of Migration: Why do people move? What explains immigration policy? Can it help developing countries?

- (*) Massey, Douglas S. et al. 1993 "Theories of International Migration"
- (*) Peters, Margaret. "Goods vs. People: Immigration and Trade Policy in a Globalized World." *Edward Elgar Handbook on Migration and Social Policy*
- (*) O'Rourke, Kevin H., and Jeffrey G. Williamson. *Globalization and History*. Ch 10: "Globalization Backlash: Migration Policy Gets Restrictive."
- (*) Kapur, Devesh and John McHale, "Migration's New Payoff," *Foreign Policy*(November/December 2003): 49-57.

March 30: Multinational Corporations: Forces for Good or Evil?

- Oatley Chapters 8 & 9
- Susan Strange "States, Firms and Diplomacy" (In Frieden & Lake)
- Richard E. Caves "The Multinational Enterprise as an Economic Organization" (In Frieden & Lake)
- David Fieldhouse "A New Imperial System'? The Role of Multinational Corporations Reconsidered." (In Frieden & Lake)

April 6: Individual Preferences over the Global Economy: Why do we hate Globalization?

- (*) Jason Kuo and Megumi Naoi. (2014) "Individual Attitudes" *The Oxford Handbook of Politics of International Trade*.
- (*) Jens Hainmueller and Michael Hiscox. 2006 "Learning to Love Globalization: Education and Individual Attitudes Toward International Trade" *International Organization*. 60(20): 469-498.
- (*) Jens Hainmueller and Daniel J. Hopkins. (2014) "Public Attitudes Toward Immigration" *Annual Review of Political Science*. 17:11.1-11.25
- (*) Judith Goldstein and Margaret Peters. (2014) "Nativism or Economic Threat: Attitudes Toward Immigrants During the Great Recession" *International Interactions* 40(3): 376-401.
- (*) K. Amber Curtis, Joseph Jupille and David Leblang. *Forthcoming*. "Iceland on the Rocks: The Mass Political Economy of Sovereign Debt Resettlement" *International Organization*

April 13: Trade, Money, Power and the Environment: Can we get an agreement on Climate Change? How were past environmental agreements passed?

- Alison Butler. "Environmental Protection and Free Trade: Are They Mutually Exclusive." (In Frieden & Lake)
- Thomas C. Schelling, "What Makes Greenhouse Sense?" *Foreign Affairs* 81:3, (May/June 2002)
- Peter Haas, "Banning CFCs: Epistemic Community Efforts to Protect Stratospheric Ozone Coordination," *International Organization* 46(1):187-36.
- Dani Rodrik, "The Inescapable Trilemma of the World Economy" (http://rodrik.typepad.com/dani_rodriks_weblog/2007/06/the-inescapable.html)

- Stiglitz, Joseph E. "A Cool Calculus of Global Warming." Project Syndicate, 2006. <http://www.project-syndicate.org/commentary/stiglitz77>.
- Brad Plumer. "7 charts that show why UN climate talks keep breaking down" *Vox* <http://www.vox.com/2014/9/22/6805513/un-climate-talks-in-seven-charts>
- Brad Plumer. "The US and China just reached a major climate deal on cutting emissions." <http://www.vox.com/2014/11/11/7200909/US-china-climate-deal-cutting-emissions>

April 29: Globalization and Development: Is trade good for the developing world? How do financial flows affect LDCs? Is emigration good or bad for LDCs?

- Oatley Ch. 16
- Dani Rodrik. "Sense and Nonsense in the Globalization Debate" (In Frieden & Lake)
- Joseph E. Stiglitz and Lyn Squire. "International Development: Is It Possible" (In Frieden & Lake)
- Jeffrey A. Williamson. "Globalization and Inequality, Past and Present." (In Frieden & Lake)
- (*) Dani Rodrik and Arvind Subramanian. "The Primacy of Institutions (and what this does and does not mean)." *Finance and Development* (June 2003). Available at: <http://www.imf.org/external/pubs/ft/fandd/2003/06/pdf/rodrik.pdf>
- Steven Radelet, Michael Clemens, and Rikhil Bhavnani, "Aid and Growth," *Finance and Development*, September 2005 (<http://www.imf.org/external/pubs/ft/fandd/2005/09/radelet.htm>).