

POL 399: International Political Economy

Dr. Johannes Karreth

Office: 216 Bomberger

Office phone: 610-309-3126

Office hours: W 3pm–4pm in Lower Wismer; M 4pm–5pm and F 12pm–1pm in 216 Bomberger; other times by appointment.

Email: jkarreth@ursinus.edu

Course website: <http://www.jkarreth.net/pol399.html>

This syllabus was last updated on November 28, 2016. Please visit www.jkarreth.net/pol399.html for the most recent information on deadlines and readings.

Course description

Welcome to POL 399, an advanced undergraduate course on international political economy (IPE)! Especially during this election season, international economic interactions (trade, currency flows, migration) have featured prominently in public debates. These interactions have a profound impact on the wealth of a country and the living conditions of the people who live in it. In this course, we will use social-scientific tools to make sense of how factors such as international trade agreements, NAFTA, exchange rates, foreign aid, or immigration have shaped and continue to shape relationships between individuals and societies, between countries, and political, economic, and business outcomes in various contexts.

Learning outcomes

Upon successfully completing this seminar, participants should be able to:

- Explain how international economic processes have come about, and how they affect people in different countries.
- Explain and compare the implications of different approaches to explaining preferences toward international economic policies.
- Explain how political factors shape economic interactions.
- Use concepts, theories, and analytical tools from political science and economics to analyze causes and effects of phenomena at the intersection of politics and the economy.
- Understand the trade-offs linked to different economic policies.
- Appreciate the differential impact of economic interactions on individuals and societies in different countries, regions, and contexts.

Materials

Book

One full book is required for this seminar and available at the Ursinus bookstore and other sources:

- Oatley, Thomas. 2014. *International Political Economy*. 5th edition. Routledge.

You may also purchase the e-book version or use the 5th edition from a different publisher (Pearson). All other relevant readings (articles and book chapters/excerpts) are posted on Canvas.

Requirements and assignments

1. Attendance & preparation

In keeping with a strong liberal arts tradition that encourages active learning and complete participation in the education process, Ursinus College expects students to attend class. Not attending class will result in a failing grade for this seminar.

Because this is a seminar, the course can only succeed if every participant comes prepared. Students must complete and take notes on all assigned readings prior to the class in which they are scheduled to be discussed. We will go over efficient reading techniques in the first week of class. A rule of thumb for upper-level classes like this is that you will need to spend about 2–3 times the time we meet in class to read and take notes every week.

Please plan to schedule at least 8 hours per week outside the classroom on this class for readings, assignments, and class preparation.

Safety valve: you can miss two class meetings **for any reason (no questions asked)** without an explanation, and it will not affect your grade. Save these for illness, emergencies, and planned absences. Three absences reduce your overall course grade by a half-letter grade. Four absences result in a failing grade. For the purpose of your grade, there is no difference between “excused” and “unexcused” absences. In the event that a student experiences a significant health problem or other issue that may prevent them from performing adequately in their academic work and/or attending class for a number of days, students should notify the Office of Student Affairs. The Student Affairs phone and email contact is Lynda Manz: lmanz@ursinus.edu or 610 409-3590.

2. In-class participation (10% of your course grade)

You as a student are the most important part of this seminar; your active participation in a civil manner is necessary to succeed in this course. Participation is graded based on (1) your contributions in class, (2) short informal writing assignments in class, and (3) your reading notes. You begin the semester with 100 (out of 100) points for participation. Your contributions are evaluated on each day. Students who are present and contribute to class keep 100 points. Students who do not contribute on a day and students who are absent lose 5 participation points on that day.

Safety valve: You may choose to not participate on a day (or be absent that day) without penalty for two days without losing any points.

3. Class blog and online participation (20% of your course grade)

Three times during the semester, you will use our class blog at <https://jkpol399.wordpress.com> to **write about a news story related to an IPE topic we discuss in this class**. A sign-up list with names, days, and instructions is posted on Canvas. Your blog post should be at least two paragraphs long, point to a news story, explain why your readers within and outside the class should find the story consequential, and point out how it relates to material we discuss in class. The news item must come from the *Economist* or any of the sources listed on the course website,

and it must be broadly related to what we discuss in the course. Your first post is worth less than your second and third post in order to allow you to benefit from comments and feedback.

Online participation and discussions. We use your blog posts to start and continue online and offline discussions of current issues in IPE. As part of this assignment, you will comment to posts at least twice a week; we will also set aside class time to follow up on issues discussed on the course blog.

Safety valve: You can write your blog posts well ahead before your posting date in order to avoid missing a deadline due to unexpected events.

4. Quizzes (35% of your course grade)

About once per week (usually on Fridays), short quizzes will test your comprehension of the material in the 2-3 class sessions before the quiz. These quizzes will take about 10 minutes and will consist of multiple choice, fill-in-the-blank, and short answer questions.

Safety valve: I will drop your lowest two quizzes and calculate your overall quiz grade as the average of your 10 best quizzes.

5. Analytical papers (35% of your course grade)

Throughout the course of this semester, you will write three short analytical papers about each of the three main themes of this course: trade, monetary policy, and migration. Each paper has the function of briefing an intelligent, non-expert audience on a current policy issue in the respective area. The papers must be 5 single-spaced pages long and cite references. I will provide prompts for each paper; further guidelines can be found on Canvas.

Safety valves: Your paper with the highest score will automatically count 15% of your overall course grade, with the remaining two papers counting 10% each. You also have the opportunity to submit a revised version of one of your papers. If you take this opportunity, this revised version will count 25% of your overall course grade (with the remaining two papers counting 5% each). The revised version must include a short memo detailing which changes you made and why.

Grading

Rubrics for all assignments are posted on Canvas. The course grade consists of the components below, sums to 100, and converts into letter grades as stated below.

In-class participation	10%	A	100 - 93.0	C+	79.999 - 77.0
Class blog and online participation	20%	A-	92.999 - 90.0	C	76.999 - 73.0
Quizzes	35%	B+	89.999 - 87.0	C-	72.999 - 70.0
Analytical papers	35%	B	86.999 - 83.0	D+	69.999 - 67.0
Total	100%	B-	82.999 - 80.0	D	66.999 - 63.0
				D-	62.999 - 60.0
				F	59.999 - 0

Course policies

Disability accommodations. I am committed to a fair and equitable learning environment. Reasonable accommodations will be provided for students with documented physical and/or learning disabilities who are eligible to receive accommodations under Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act. If you believe you have a disability requiring accommodation in this class, please notify Shammah

Bermudez at the Center for Academic Support (Myrin Library, lower level, 484-762-4329). His office will contact me to make appropriate accommodations.

If you wish to discuss academic accommodations for this course, please inform me as soon as possible.

While I will make every effort to accommodate valid requests, students should not expect that, if they do poorly on an assignment, to claim, at that time, the need of an accommodation. This statement is to preclude that problem, and allow people with a need for accommodations to be treated fairly and appropriately.

Religious observance. I will also make every effort to accommodate religious observances and obligations. You are asked to bring any possible conflicts to my attention as soon as possible. Students should not expect that, if they do poorly on an assignment, to claim, at that time, the need of an accommodation. This statement is to preclude that problem, and allow people with a need for accommodations to be treated fairly and appropriately.

Classroom interactions. Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to this standard may be subject to disciplinary procedures. Professional courtesy and sensitivity are especially important with respect to topics dealing with differences of race, color, culture, religion, creed, politics, veteran's status, sexual orientation, gender, gender identity, gender expression, age, disability, class, and nationality. Course rosters are provided to the instructor with the student's legal name, but I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records.

Academic honesty. All students at Ursinus College are responsible for knowing and adhering to the academic integrity policy of our institution. Please familiarize yourself with this policy at (<https://www.ursinus.edu/student-life/handbook/academic-policies/academic-honesty/>). Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. **The policy also prohibits submitting material that was previously submitted in another course.** If you are involved in plagiarism, the penalty will be failure in the course and you will be reported to the College. In this one regard there are no second chances. If you are not sure if something violates standards—ask. If you are not sure whether to cite or not to cite—cite.

Emergencies and absences. Missing a deadline results in penalties as specified above, regardless of the reason for absence or late submission. However,

1. you may choose to not participate on a day (or be absent that day) without penalty for two days without losing any points.
2. you can miss two class meetings for any reason (no questions asked) without an effect on your grade.
3. your two lowest quizzes are automatically dropped from your grade.
4. you may write blog posts before their due date.
5. you may submit a revised version of one of your analytical papers; see details above.

No electronic devices in the classroom. Laptops and tablets cannot be used during seminar meetings. Studies have shown that "laptop use is negatively associated with student learning and it poses a distraction to fellow students."¹ Please bring reading notes and your textbooks to class. Cell phones must be stored away during class.

¹Fried, Carrie B. 2008. "In-Class Laptop Use and Its Effects on Student Learning." *Computers and Education* 50: 906-914.

Schedule

This schedule will be updated prior and during the semester. Please visit <http://www.jkarreth.net/pol399.html> for the most recent information on deadlines and readings.

Introduction

Day 1 (Monday, August 29)

How does international political economy affect you?

- Required reading: this syllabus.
- In-class references:

Guisinger, Alexandra. 2009. "Determining Trade Policy: Do Voters Hold Politicians Accountable?" *International Organization* 63 (3): 533–557.

Margalit, Yotam. 2011. "Costly Jobs: Trade-related Layoffs, Government Compensation, and Voting in U.S. Elections." *American Political Science Review* 105 (1): 166–188.

Day 2 (Wednesday, August 31)

How can we analyze economic interactions between people?

- Required: Oatley, Chapter 1.
- Required: Sobel, Chapter 1.

What are the assumptions of scarcity, political survival, and rationality? What is rational choice? What is a theoretical model? What is a dependent variable?

Day 3 (Friday, September 2) **Quiz 1**

Tutorial: What is the most efficient way to read and organize academic articles?

- Read and take notes before class on: Rose, Andrew K. 2004. "Do We Really Know That the WTO Increases Trade?" *American Economic Review* 94 (1): 98–114.

International Trade

Day 4 (Monday, September 5)

Does trade promote economic growth?

- Required: Oatley, pages 46-53.
- Skim: Fajgelbaum, Pablo D. and Khandelwal, Amit K. 2016. "Measuring the Unequal Gains from Trade." *Quarterly Journal of Economics* 131 (3): 1113–1180.

Day 5 (Wednesday, September 7)

How is international trade organized? I

- Required: Oatley, Chapter 2

Day 6 (Friday, September 9) Quiz 2

How is international trade organized? II

- Required: Oatley, Chapter 2

Day 7 (Monday, September 12)

How is international trade organized? III

- Required: Oatley, Chapter 2
- Required: Mansfield, Edward D. and Milner, Helen V. 1999. "The New Wave of Regionalism." *International Organization* 53 (3): 589–627.

Day 8 (Wednesday, September 14)

What explains preferences over trade?

- Required: Oatley, Chapter 4.

Day 9 (Friday, September 16) Quiz 3

What explains trade policy? Society & State

- Required: Oatley, Chapter 5.

Day 10 (Monday, September 19)

What explains trade policy? Society & State, continued

- Required: Review Oatley, Chapters 4 and 5.

Day 11 (Wednesday, September 21)

How does trade shape economic and political development?

- Required: Oatley, Chapter 6.
- Required: Oatley, Chapter 7.
- Required: Rodrik, Dani. 2001. "Trading in Illusions." *Foreign Policy*, no. 123: 55–62.

Is Rodrik skeptical of the East Asian example? Or is he trying to correct one particular interpretation of it?

Day 12 (Friday, September 23) Quiz 4

How does trade shape economic and political development? Continued

- Required: Oatley, Chapter 6.
- Required: Oatley, Chapter 7.
- Required: Rodrik, Dani. 2001. "Trading in Illusions." *Foreign Policy*, no. 123: 55–62.

Is Rodrik skeptical of the East Asian example? Or is he trying to correct one particular interpretation of it?

Day 13 (Monday, September 26)

Case study: How does trade affect jobs?

- Required: Davidson, Adam. 2012. "Making it in America." *The Atlantic*, no. January/February.

Why, in Davidson's opinion, "is the jobs crisis so difficult to solve"? What policies could address this problem?

- Required: Fallows, J. (2012). Mr. China Comes to America. *The Atlantic*, (December).

Does this article leave you more optimistic, keeping in mind the problems that Davidson pointed out?

Day 14 (Wednesday, September 28)

Why and how do governments compensate for the impact of trade?

- Required for Group 1 (using the template for reading academic articles): Rodrik, Dani. 1998. "Why do More Open Economies Have Bigger Governments?" *Journal of Political Economy* 106 (5): 997–1032.

What is Rodrik's main point—why do more open economies have bigger governments?

- Required for Group 2 (using the template for reading academic articles): Iversen, Torben and Cusack, Thomas R. 2000. "The Causes of Welfare State Expansion: Deindustrialization or Globalization?" [inlangEnglish]. *World Politics* 52 (3): 313–349.

What is Iversen and Cusack's explanation for larger welfare spending in countries that trade a lot?

- Required for Group 3 (using the template for reading academic articles): Walter, Stefanie. 2010. "Globalization and the Welfare State: Testing the Microfoundations of the Compensation Hypothesis." *International Studies Quarterly* 54 (2): 403–426.

Who demands compensation and why?

What are the political consequences of economic openness?

Day 15 (Friday, September 30) Quiz 5

How does trade affect the environment? I

- Required: Oatley, pages 358-367.

Why would trade have harm the environment?

What is the "environmental Kuznets curve"?

What do we know about the trade-environment relationship? What is the role of international institutions?

Day 16 (Monday, October 3)

How does trade affect the environment? II

- Required: Oatley, pages 358-367.

Why would trade have harm the environment?

What is the "environmental Kuznets curve"?

What do we know about the trade-environment relationship? What is the role of international institutions?

Day 17 (Wednesday, October 5)

What are main conflicts in current trade negotiations?

- Required: Oatley, pages 53-68.
- Required: Granville, K. (2016). The Trans-Pacific Partnership, Explained. *New York Times*. Online at <http://goo.gl/e4HfI7>.
- Required: Deardorff, Alan V. (2016). The Changing Landscape of Trade Negotiations. Summary online at: <http://goo.gl/lIgNDM>.
- Recommended: Mattoo, Aaditya and Subramanian, Arvind. 2009. "From Doha to the Next Bretton Woods: A New Multilateral Trade Agenda." *Foreign Affairs* 88 (1): 15–26.

Tutorial: How to write an analytical paper.

- Required: Farrell, Henry. 2010. "Good Writing in Political Science: An Undergraduate Student's Short Illustrated Primer." (http://www.henryfarrell.net/pol_science_essays.pdf)

Identify three do's and don'ts from this short essay.

Monetary Policy

Day 18 (Friday, October 7) Quiz 6

First paper due on Canvas at 7pm on Saturday, October 8.

Day 19 (Monday, October 10)

How does the international monetary system relate to trade? I

- Required: Oatley, Chapter 10.

Day 20 (Wednesday, October 12)

How does the international monetary system relate to trade? II

- Re-read: Oatley, Chapter 10.

Day 21 (Friday, October 14) Quiz 7

How is the international monetary system organized?

- Required: Oatley, Chapter 11.
- Recommended for background: Broz, J. Lawrence. 1997. "The domestic politics of international monetary order: the gold standard." In *Contested Social Orders and International Politics*, ed. by Skidmore, David, 53–91. Nashville, KY: Vanderbilt University Press.

Fall Break (Monday, October 17)**Day 22 (Wednesday, October 19)**

How is the international monetary system organized? II

- Required: Oatley, Chapter 11.
- Recommended for background: Broz, J. Lawrence. 1997. "The domestic politics of international monetary order: the gold standard." In *Contested Social Orders and International Politics*, ed. by Skidmore, David, 53–91. Nashville, KY: Vanderbilt University Press.

Day 22.1 (Friday, October 21)

Internships, externships and more: Careers and Professional Development workshop.

- Bring your questions for CPD staff!

Day 23 (Monday, October 24)

What is the role of the International Monetary Fund in global monetary policy?

Special guest: Aaron Ranck (Ursinus '02), Special Assistant for Governmental Affairs at the International Monetary Fund.

- Required: Review Oatley's section on Bretton Woods (pp. 212–224)
Recommended: For background, visit <https://www.imf.org/external/about/histcoop.htm>
- Required: Watch this speech by Christine Lagarde, Managing Director of the IMF: <http://www.imf.org/external/mmedia/view.aspx?vid=4832803837001>

Day 24 (Wednesday, October 26)

What explains monetary policy: Society

- Required: Oatley, Chapter 12

Day 25 (Friday, October 28) Quiz 8

What explains monetary policy: The State

- Required: Oatley, Chapter 13

Day 26 (Monday, October 31)

What explains monetary policy: Society and the State

- Review Oatley, Chapters 12 and 13

Day 27 (Wednesday, November 2)

What explains monetary policy: Society and the State

- Continue reviewing Oatley, Chapters 12 and 13

Day 28 (Friday, November 4) Quiz 9

How can independent central banks resolve time-inconsistency problems?

- Continue reviewing Oatley, Chapters 12 and 13

Day 29 (Monday, November 7)

Why do economic crises happen? The Latin American experience

- Recommended: Oatley, Chapter 14.

Day 30 (Wednesday, November 9)

Why do financial crises happen? The Asian Financial crisis and the Eurocrisis

- Required: Oatley, Chapter 15.
- Background: Balaam and Dillman, Chapter 8.
- Background: Corsetti, Giancarlo, Pesenti, Paolo, and Roubini, Nouriel. 1999. "What caused the Asian currency and financial crisis?" *Japan and the World Economy* 11 (3): 305–373.

Day 31 (Friday, November 11) Quiz 10

Why do financial crises happen? The Asian Financial crisis and the Eurocrisis (II)

- Required: Oatley, Chapter 15.
- Background: Balaam and Dillman, Chapter 8.
- Background: Corsetti, Giancarlo, Pesenti, Paolo, and Roubini, Nouriel. 1999. "What caused the Asian currency and financial crisis?" *Japan and the World Economy* 11 (3): 305–373.

Second paper due on Canvas at 7pm on Saturday, November 12.

Foreign Aid

Day 32 (Monday, November 14)

Why do countries give foreign aid?

- Required: Alesina, Alberto and Dollar, David. 2000. "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth* 5 (1): 33–63.

Identify the key points on targets and motivations of foreign aid.

Day 33 (Wednesday, November 16)

What are the effects of foreign aid?

- Required: Easterly, William. 2003. "Can Foreign Aid Buy Growth?" *Journal of Economic Perspectives* 17 (3): 23–48.

Identify the causal mechanisms through which aid may promote economic growth.

- Required: Knack, Stephen. 2004. "Does Foreign Aid Promote Democracy?" *International Studies Quarterly* 48 (1): 251–266.

Identify the causal mechanisms through which aid may promote democracy.

Day 34 (Friday, November 18) Quiz 11

Why do countries give foreign aid multilaterally?

- Required: Milner, Helen V. 2006. "Why Multilateralism? Foreign aid and domestic principal-agent problems." In *Delegation and Agency in International Organizations*, ed. by Hawkins, D.G. et al. Political Economy of Institutions and Decisions. New York, NY: Cambridge University Press.
- Recommended: Milner, Helen V. and Tingley, Dustin. 2013. "The choice for multilateralism: Foreign aid and American foreign policy." *The Review of International Organizations* 8 (3): 313–341.
- For information on "new" donors, take a look at the following studies:

Dreher, Axel, Fuchs, Andreas, and Nunnenkamp, Peter. 2013. "New Donors." *International Interactions* 39 (3): 402–415.

Dreher, Axel and Fuchs, Andreas. 2015. "Rogue aid? An empirical analysis of China's aid allocation." *Canadian Journal of Economics* 48 (3): 988–1023.

Day 35 (Monday, November 21)

What is the future of foreign aid? How could it be improved?

- Required: Easterly, William and Pfütze, Tobias. 2008. "Where Does the Money Go? Best and Worst Practices in Foreign Aid." *Journal of Economic Perspectives* 22 (2): 29–52.
- If you want to know more, look into the following: Banerjee and Duflo's *Poor Economics* is an interesting survey of scholars' knowledge about various aspects of poverty (<http://pooreconomics.com>). For a critical review of microcredits, summarizing the concept, read Boudreaux and Cowen, "The Micromagic of Microcredit" (<http://www.jstor.org/stable/10.2307/40262341>). For an argument for increasing foreign aid, read Jeffrey Sachs' *The End of Poverty* (New York: Penguin, 2006). For a critical review of the economics of foreign aid, read Dambisa Moyo's *Dead Aid* (New York: Farrar, Straus and Giroux, 2009).

No class: Thanksgiving (November 23 & 25)

International Migration

Day 36 (Monday, November 28)

Why do people migrate across borders?

- Required: Massey, Douglas S. et al., eds. 1999. *Worlds in Motion: Understanding International Migration at the End of the Millennium: Understanding International Migration at the End of the Millennium*. Oxford University Press.

Do any of the many theories summarized in this chapter remind you of theoretical approaches to trade and money we have discussed earlier?

- Required: Fitzgerald, Jennifer, Leblang, David, and Teets, Jessica C. 2014. "Defying the Law of Gravity: The Political Economy of International Migration." *World Politics* 66, no. 3 (03): 406–445.

Day 37 (Wednesday, November 30)

What are direct economic effects of migration?

- Required: Sengupta, S. (2016). What Poor Nations Need to Get By: Money From Migrants. *New York Times*. Online at: <http://goo.gl/6zdvzK>.
- Required: Brown, Stuart S. 2006. "Can Remittances Spur Development? A Critical Survey." *International Studies Review* 8 (1): 55–76.

What are remittances? Why would they be good for economic development?

- Required: Easterly, William and Nyarko, Yaw. 2008. "Is the brain drain good for Africa?" *Brookings Global Economy and Development Working Paper* 19.

How do Easterly and Nyarko arrive at their (perhaps) surprising conclusion?

- If you'd like to know more, read this example of an empirical study: Adams, Richard H. and Page, John. 2005. "Do International Migration and Remittances Reduce Poverty in Developing Countries?" *World Development* 33 (10): 1645–1669.

Day 38 (Friday, December 2) Quiz 12

Tentative: Workshop on using data in International Political Economy Research

Day 39 (Monday, December 5)

Research focus: Can political-economic theories explain migration attitudes?

- Required: Mayda, Anna Maria. 2006. "Who Is Against Immigration? A Cross-Country Investigation of Individual Attitudes toward Immigrants." *Review of Economics and Statistics* 88 (3): 510–530.

What are "economic" factors that explain immigration attitudes? What is the causal mechanism behind them?

- Required: Hainmueller, Jens and Hiscox, Michael J. 2010. "Attitudes toward Highly Skilled and Low-skilled Immigration: Evidence from a Survey Experiment." *American Political Science Review* 104 (1): 61–84.
- Required

Day 40 (Wednesday, December 7)

Migration and international finance

- Required: Leblang, David. 2010. "Familiarity Breeds Investment: Diaspora Networks and International Investment." *American Political Science Review* 104 (3): 584–600.
- Required: Abdih, Yasser et al. 2012. "Remittances and Institutions: Are Remittances a Curse?" *World Development* 40 (4): 657–666.
- Required: Singer, David Andrew. 2010. "Migrant Remittances and Exchange Rate Regimes in the Developing World." *American Political Science Review* 104 (2): 307–323.
- Required: Bermeo, Sarah Blodgett and Leblang, David. 2015. "Migration and Foreign Aid." *International Organization* 69, no. 3 (): 627–657.

Conclusions

Day 41 (Friday, December 9) Quiz 13

How much does globalization constrain governments and national autonomy?

- Required: Ravenhill, Chapter 10.

Third paper due on Canvas at 7pm on Friday, December 16.