

Political Science 341: International Political Economy

Northwestern University
Winter 2020
Tuesday & Thursday 12:30-1:50 PM
Annenberg Hall G21

Prof. Stephen Nelson

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Teaching Assistants

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Course Overview

This course focuses on the forces shaping countries' foreign economic policies. Why do governments choose to protect some industries behind high tariff walls while leaving others exposed to the vagaries of international competition? Why do most countries rely on the U.S. dollar for their primary reserve currency – and will the dollar continue to serve that function? Why have many countries removed barriers to cross-border financial flows – and what are the social and political consequences of financial market openness? Does international trade and investment make military conflict less or more likely? Do economic sanctions even work? Have the series of economic crises over the past half-decade – the 2007-08 financial market meltdown in the U.S., the global credit crunch that followed in 2008-10, and the more recent sovereign debt crises (in the southern Eurozone countries and elsewhere) – shifted the distribution of global economic and political power?

In this course we will develop an analytical toolkit to provide some insight into these and other questions, paying particular attention to evaluating the theoretical arguments with two types of evidence: qualitative and historical and quantitative and cross-national.

The course is organized thematically. We begin with an introduction to the study of International Political Economy (IPE) and explore why it is distinct from international economics; following the introduction to the course we will discuss factors affecting the supply of international cooperation when national economic policies have spillover effects. The next three topics (weeks 2-6) are devoted to three of the main issue areas that concern IPE specialists: the politics of the international trade, monetary, and financial systems. We then turn our attention to economic development strategies pursued by low- and middle-income countries and the role of foreign development aid in promoting growth. The last two weeks of the course are devoted to the relationship between transnational economic linkages and conflict and to the rise of new economic powerhouses (namely, China) and the possible consequences of this shift for American influence in global economic affairs.

Prerequisites

It is suggested – but not strictly required – that students in this course have Political Science 240 (Introduction to International Relations) under their belts before taking this course.

Introductory courses in macroeconomics and international economics are helpful but not required. If you find the economic terminology and concepts confusing, any of the three introductory texts listed below are likely to prove useful. These texts may be of use to you, but *are not* required readings for the course.

- Peter Kennedy, *Macroeconomic Essentials (3rd Edition)* (Cambridge, MA: MIT Press, 2010).
- Richard E. Caves, Jeffrey Frankel, and Ronald Jones, *World Trade and Payments: An Introduction* (New York: HarperCollins, 1993).
- Paul Krugman and Maurice Obstfeld, *International Economics: Theory and Policy* (Addison Wesley, 2002).

Course Requirements and Grading

Course requirements include two exams, active participation in discussion section, and two short papers. The midterm exam will be given during our regular meeting time on **Tuesday, February 11**; the final exam is scheduled for **Monday, March 16** from **3:00-5:00 PM**.

The final exam day and time is non-negotiable. If you know in advance that you will not be able to take the final exam from **3:00-5:00 PM** on **Monday, March 16**, DO NOT TAKE THIS COURSE! Weinberg College rules forbid faculty members from giving final exams in advance of the assigned time. Only if you have sufficient reason (i.e. a documented emergency which prevents you from being able to make it to the room for the exam) will you be granted an incomplete. You can verify the WCAS policy on final exams here:

<https://www.weinberg.northwestern.edu/undergraduate/courses-registration-grades/final-exams.html>

The weighting of the course requirements is as follows:

- Course participation: 10%
- Short critical response paper (1): 10%
- Short case-related essay (1): 10%
- Midterm exam: 30%
- Final Exam: 40%
- Research pool participation [mandatory]

Participation accounts for a significant proportion of the grade. Securing a good participation grade means: consistent attendance and a high level of engagement in the lecture sessions, the in-class case discussions, and the discussion sections; keeping up

with the assigned readings; and actively contributing to the conversations generated during your discussion sections and participating in any activities that are introduced during the lecture periods (which may or may not be pre-announced by the instructors).

The required critical response paper involves *briefly* summarizing and (much more importantly) *critically* evaluating the main argument and evidence for one (or more, if you prefer) of the week's assigned readings. A sign-up sheet will be circulated during the first meeting of your discussion section to divvy up the readings. You should confer with an instructor in the course to select the reading(s) around which your response paper will be organized. Your response paper must be submitted to your instructor before your discussion section meets; the instructor will set her/his/their deadline for submitting the paper.

The other writing assignment that you will complete is a short essay about one of the three cases (China's accession to the WTO, the Greek sovereign debt crisis, and the origins of South Korea's strategy for engineering economic development) that we will discuss as a group in this course. You will write and submit the case-based essay *before* the discussion of the case study in the class meeting. You will receive more information about the critical response paper and the case-based essay from your instructors in the first week of the course.

Befitting a 300-level course, the reading load in this class is significant though far from massive (averaging about 70 pages per week). Lectures and readings are *complements*, not substitutes – some lectures draw closely on that week's readings, but many do not. To perform well in this course, you will need to regularly attend lectures in addition to closely reading all of the assigned material.

Note on required participation in the Political Science Research Pool: students enrolled in this course are required to complete a research assignment that can include up to 4 hours of research study participation. These studies require that students set up an appointment to complete participation at a laboratory on campus (or via an on-line survey). Students will learn how studies are conducted and will receive a synopsis at the conclusion of the quarter describing the study's goal, result, and relevance to the class. Students who prefer not to participate in the research may opt for an alternative that entails reading any one chapter about political science research and writing a five-page reaction paper. The typical chapter is about 20 pages and thus reading it and writing a five-page paper should take approximately four hours.

Near the start of the quarter, students will receive an e-mail asking them whether they prefer study participation or the alternative assignment. The e-mail will also include details on how to complete either requirement. Failure to complete the requirement during the quarter will result in an incomplete. Failure to complete the requirement during the following quarter will result in a failing grade for the class. Note that if you are enrolled in multiple classes that require participation, you only need to satisfy the requirement one time. Also, if you already completed the requirement in another course in a previous quarter, you are excused from the requirement.

Required Book

There is one required textbook for this course, available for purchase or rental in the Norris bookstore:

- Jeffrey A. Frieden, *Global Capitalism: Its Fall and Rise in the Twentieth Century* (New York: Norton, 2006)

Frieden's book is far from obscure; in other words, there are many copies of *Global Capitalism* available for purchase via online book vendors. In addition, I will try to put a copy of the book on closed reserve in the main university library.

Electronic Reserves

Aside from the book, all of the required course readings will be accessible electronically. Links – either directly to a PDF of the scanned article/chapter or to the e-journal that contains the reading – will appear on the course canvas page.

Ground Rules for Discussion Sections

Every participant in this course brings a different perspective to the classroom. Part of the instructor's job is to make sure that one viewpoint is not privileged over others. Dialogue in my courses is expected to always be respectful. We all reserve the right to respectfully disagree with one another; we do not have the right to intimidate anyone, and in fact we have an obligation to treat other members of the Northwestern community with decency and respect. Your instructors observe and will enforce all university policies concerning racial, ethnic, gender identity, sexual preference, or religious discrimination and harassment.

Academic Integrity

Plagiarism is a serious offense at Northwestern. If we suspect that you have knowingly misrepresented someone else's work as your own, we will report the violation of academic integrity; if the evidence indicates that the student committed an act that violated standards of academic integrity, this constitutes grounds for suspension or even dismissal from the university.

Northwestern's official policy regarding academic integrity is found at:
<http://www.northwestern.edu/provost/students/integrity/>

AccessibleNU and NUhelp

Students that require any reasonable academic accommodations must provide information prepared and approved by the staff of AccessibleNU detailing the arrangements to me ***no later than the end of the second week of classes***. Please contact AccessibleNU (<http://www.northwestern.edu/accessiblenu>) or visit the office at 2122 Sheridan Road (Suite 135) for more information about services offered by Northwestern.

Students can find useful resources for safety and security, academic support, and mental and physical health and well-being at the NUhelp [website](#) and [app](#)

Policy on Posting Class Material (Lecture Slides, Notes, Readings)

The material from this course is *only* for students enrolled in this course. Please do not post any material from this course (including your own notes) on any online platforms (e.g., StudyBlue).

Course Schedule

Topic 1: Introduction; what is International Political Economy (and why does it matter)? (January 7)

Readings

- Jeffry Frieden, *Global Capitalism*, pp. 1-27.

Total pages of required reading topic 1: 28

Topic 2: Obstacles to cooperation in international economic relations (January 9)

Readings

- Randall Schweller, *Maxwell's Demon and the Golden Apple: Global Discord in the New Millennium* (Johns Hopkins University Press, 2014), pp. 144-150.
- Robert Keohane, "International Institutions: Can Interdependence Work?" *Foreign Policy* (Spring 1998): pp. 82-94.

Total pages of required reading topic 2: 20

Topic 3: International trade (January 14-23)

Readings

- Jeffry Frieden, *Global Capitalism*, pp. 28-79; 105-16; 220-28; 278-290.
- Ha-Joon Chang, "Kicking Away the Ladder: Infant Industry Promotion in Historical Perspective," *Oxford Development Studies* 31, 1 (2003): pp. 21-32.
- Paul Blustein, *Misadventures of the Most Favored Nations* (PublicAffairs, 2009), pp. 17-39; 88-97; 141-156.
- Christina Davis, *Why Adjudicate? Enforcing Trade Rules in the WTO* (Princeton University Press, 2012), pp. 258-267.
- Regina Abrami, Richard Vietor, and Julia Galef, "China and the WTO: What Price Membership?" HBS Case 9-707-032 (9 April 2008): pp. 1-27.

Total pages of required reading for topic 3: 195

Topic 4: International monetary and financial systems (January 23-Feb. 6)

Part I: Explaining choices about money

Readings

- Jeffrey Frieden, *Global Capitalism*, pp. 111-21; 173-92; 253-60; 290-300; 339-60.
- Liaquat Ahamed, "Currency Wars, Then and Now," *Foreign Affairs* (March/April 2011): pp. 92-103.
- Carla Norrlof, "Dollar Hegemony: A Power Analysis," *Review of International Political Economy* 21, 5 (2014): pp. 1042-1070.
- Neil Irwin, "The Choice Facing China as Its Currency Becomes More Global," *New York Times* (online ed.), 30 November 2015, pp. 1-4.

Part II: Financial flows and financial market crises

Readings

- Jeffrey Frieden, *Global Capitalism*, pp. 383-412.
- Paul Krugman, *The Return of Depression Economics* (W.W. Norton & Co., 1999), pp. 102-117.
- Dante Roscini, Jonathan Schlefer, and Konstantinos Dimitriou, "The Greek Crisis: Tragedy or Opportunity?" HBS Case 9-711-088 (12 October 2017): pp. 1-35.

Total pages of required reading for topic 4: 201

MIDTERM EXAM SCHEDULED FOR TUESDAY, FEB. 11

[NOTE: DROP DEADLINE IS FRIDAY, FEBRUARY 15]

Topic 5: Economic development and foreign economic aid (February 13-20)

Readings

- Jeffrey Frieden, *Global Capitalism*, pp. 80-104; 435-56.
- William Easterly, *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* (The MIT Press, 2002), pp. 25-44.
- Aldo Musacchio, Rafael di Tella, and Jonathan Schlefer, "The Korean Model of Shared Growth, 1960-1990," HBS Case 9-712-052 (18 April 2012): pp. 1-26.

Total pages of required reading for topic 5: 94

Topic 6: Economic statecraft; the link between international commerce and interstate conflict (February 25-27)

Readings

- Emma Ashford, “Not-So-Smart Sanctions: The Failure of Western Restrictions against Russia,” *Foreign Affairs* (January/February 2016): pp. 114-123.
- Erik Gartzke and Yonatan Lupu, “Trading on Preconceptions: Why World War I Was Not a Failure of Economic Interdependence,” *International Security* 36, 4 (Spring 2012): pp. 115-132; 143-150.

Total pages of required reading for topic 6: 35

Topic 7: China’s economic rise and the eclipse of American power? (March 3-10)

Readings

- Jeffrey Frieden, *Global Capitalism*, pp. 457-76.
- Dani Rodrik, “Globalization’s Wrong Turn and How It Hurt America,” *Foreign Affairs* 98, 4 (July/August 2019): pp. 26-33.
- Michael Beckley, “China’s Century? Why America’s Edge Will Endure,” *International Security* 36, 3 (Winter 2011/12): pp. 41-78.
- Jonathan Kirshner, *American Power after the Financial Crisis* (Cornell University Press, 2014): pp. 106-156.

Total pages of required reading for topic 7: 120

WCAS Reading Week starts on Tuesday, March 10
WCAS Final Exams start on Monday, March 16
Our Final Exam: 3-5PM on MONDAY, MARCH 16
