

The University of Texas at Austin
Government 360N (38780)
International Political Economy
Fall 2011, T TH 11:00-12:30
MEZ B0.3.06

Patrick J. McDonald
BAT 4.136
512.232.1747
pjmcDonald@austin.utexas.edu
Office hours: T TH 1:30-3

TA: Daniel McCormack
BAT 1.118
mccormackdm@mail.utexas.edu
Office hours: W 8 -11a

DESCRIPTION

This is an introductory course to the study of international political economy. Its primary focus will be the reciprocal interaction between markets and political behavior in the international system. We will explore such questions as why do states trade? Under what conditions do governments restrict international commerce? How does capital mobility constrain national economic policy? What is the role of international organizations such as the IMF in fostering development? Do extensive natural resource endowments limit long-term economic growth? Does globalization promote peace? How does oil consumption threaten national security?

COURSE REQUIREMENTS

There will be three requirements for this course. First, you will be expected to attend class, keep up with the assigned readings, participate in our discussions, and complete short in-class writing assignments and/or quizzes. Second, there will be two mid-term examinations—the first given on *Tuesday, October 4* and the second given on *Thursday, November 3*. Finally, a comprehensive final exam will be given during the assigned time on *Tuesday, December 13 from 9 a.m. to 12 p.m.* These requirements will provide the following components of your final grade:

Attendance, participation, and quizzes	20%
Midterm 1	20%
Midterm 2	25%
Final	35%

READING MATERIALS

The reading material for this course will be made available through two primary formats. First, our course blackboard site will contain electronic copies of our assigned article readings. Second, the following required texts are available at the University Co-op bookstore.

Paul Collier. 2010. *The Plundered Planet: Why we must and how we can—manage nature for global prosperity*. New York: Oxford University Press.

Dani Rodrik. 2011. *The Globalization Paradox: Democracy and the Future of the World Economy*. New York: Norton.

COURSE GOALS

I want to use the subject material of our course to get you thinking (i.e. criticizing, applying, extending) about explanatory “models” of international politics that generate intellectual leverage, or quite simply can explain broad patterns of social behavior with just a few variables or concepts. This might be new for many of you. This is not going to be a class designed to get you to memorize a bunch of facts about international relations so that you can succeed on a multiple choice exam. It is not about giving you the answers. Instead I will raise challenging questions that have been debated (sometimes quite ineffectively) for centuries and then teach one style by which you can generate your *own* answers. In short, you will be graded on the effectiveness by which you evaluate arguments and draw implications from them—not on whether you can regurgitate what you have read or what I have said.

Build on this broad teaching approach, here is a set of more specific goals for our semester.

1. Enhance your understanding of the big questions in the study of international politics. Drawing on a variety of theoretical approaches, we will explore such questions as: Under what conditions do states embrace globalization? How do the distributional consequences of globalization shape its sustainability? How do global financial markets constrain policymakers? What political constraints hamper economic development? Does globalization enhance or diminish national security? How should the United States respond to the decline of its economic influence?
2. Enhance your ability to think in the abstract i.e. theoretically. All of our discussions and your written assignments will be oriented around this.
3. Sharpen your reading skills. The goal of your reading should not be to finish the article or the chapter. Instead it should be to prepare yourself to think critically and originally about the questions, theoretical claims, evidence, and implications of the material you have read. To this end, you will complete a series of short writing assignments designed to get you ready to participate actively in class discussions on our readings.
4. Practice generating implications (theoretical, empirical, policy) from theoretical priors/concepts.

COURSE POLICIES

Our class format necessarily creates mutual obligations among students to come prepared to discuss both the readings and the lecture materials. If only a few people in a group or the class are regularly doing the reading, our discussions will stumble as the bulk of students rely on a minority to carry them. Such a situation penalizes those students doing the readings as they then are pushed to shoulder more responsibility in class. To avoid this situation while fostering a stimulating and productive intellectual environment in class, I have established the following rules to ensure that all students meet these obligations to each other.

Attendance and participation... will be tracked daily throughout the semester with two mechanisms—random quizzes and group discussion work. The quizzes will generally be comprised of one or both of the following parts. The first will include a small number of questions based on the assigned readings for the day and/or the previous lecture. The second component will be your entry from that day’s reading journal assignment.

Reading journals will be checked randomly throughout the semester as part of the in-class quizzes. You will write 150-225 word summaries of each reading that is marked by an asterisk (*) in the syllabus. These summaries should identify the key question that the author is trying to answer, the primary theoretical argument by the author(s), and a sample of the most important empirical evidence the author offers for his/her claims. Your summary of the theoretical argument should include the independent (or causal) variable, what the dependent (or thing to be explained is), and the causal mechanism(s) that link the independent and dependent variables. These summaries should be typed and ready to be turned in at every class. *If you do not have the assignments with you to be turned in when quizzes are collected, you will not receive credit for that portion of the quiz.*

You will be expected to *participate* in class discussions and demonstrate that you have done the readings by performing such tasks as summarizing the main arguments, critiquing an author's claims, drawing out policy implications, suggesting how an author's argument may apply to another issue area, or highlighting similarities and differences with other readings. Class participation will be monitored via regular small group work. The makeup of these groups will change regularly throughout the semester according to quiz grades. Students that regularly come to class and keep up with the assigned readings will be put into discussion groups with other students that keep up with the readings. Students that do not keep up with the assigned readings will be placed into groups with other students that do not keep up with the assigned readings.

Attendance and participation points cannot be made up under any circumstances, including excused absences. However, each student in the class will receive a bonus at the end of the semester of 150% of the average daily points for this component of your grade. For example, if there are 100 attendance and participation points for the semester and these points were checked on 20 class days, then the average daily point total is 5. All students would receive a bonus of 7.5 points to account for excused and unexcused absences. *Note:* your total attendance and participation score for the semester cannot exceed 100%.

Lateness... If you come late to class and miss an attendance check (sign-in sheet, quiz, journal collection), you have missed the attendance check for that day. Please do not ask to have your assignment collected.

The determination of grades and grade appeals... This process must be initiated by your written explanation of why the decisions behind the assignment of your grade should be revisited. You will have one week after an assignment has been handed back to submit this written explanation. After that period, all grades will be considered final and any discussion that we might have will be restricted to how you can do better on the next assignment. Once you have submitted your written request, I will decide whether to regrade your entire assignment.

Please keep in mind that your past performance in other classes taken here at the University is not germane to any grading decisions made in my class. Consequently, if receiving a D in my class places you on academic probation, this does not constitute a viable justification for requesting the regrading of any assignment.

Grade appeals also cannot be made on the basis of being “close” to a letter grade. Cutoffs between letter grades will be strictly observed according to guidelines listed below. Note: these already include appropriate rounding:

92.5-100 A; 89.5-92.5 A-; 86.5-89.5 B+; 82.5-86.5 B; 79.5-82.5 B-; 76.5-79.5 C+; 72.5-76.5 C; 69.5-72.5 C-; 66.5-69.5 D+; 62.5-66.5 D; 59.5-62.5 D-; 0-59.5 F

“Scholastic dishonesty...includes, but is not limited to, cheating, plagiarism, collusion, falsifying academic records, and any act designed to give unfair academic advantage to the student (such as, but not limited to, submission of essentially the same written assignment for two courses without prior permission of the instructor, providing false or misleading information in an effort to receive a postponement or an extension on a test, quiz, or other assignment), or the attempt to commit such an act” (Section 11-802 (b), *Institutional Rules on Student Services and Activities*).

If you have any questions about what constitutes scholastic dishonesty, you should consult with me or the website listed below. Any student that violates this policy will fail this course and have the details of the violation reported to Student Judicial Services.

<http://deanofstudents.utexas.edu/sjs/academicintegrity.html>.

Religious holidays: By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Emergency evacuation: In the event of a fire or other emergency, it may be necessary to evacuate a building rapidly. Upon the activation of a fire alarm or the announcement of an emergency in a university building, all occupants of the building are required to evacuate and assemble outside. Once evacuated, no one may re-enter the building without instruction to do so from the Austin Fire Department, University of Texas at Austin Police Department, or Fire Prevention Services office.

Students should familiarize themselves with all the exit doors of each room and building they occupy at the university, and should remember that the nearest exit routes may not be the same as they way they typically enter buildings.

Students requiring assistance in evacuation shall inform their instructors in writing during the first week of class. Faculty members must then provide this information to the Fire Prevention Services office by fax (512-232-2759), with "Attn. Mr. Roosevelt Easley" written in the subject line.

Information regarding emergency evacuation routes and emergency procedures can be found at <http://www.utexas.edu/emergency>.

*Changes to the syllabus...*I may make minor changes to the syllabus. These will be announced at least a week in advance.

The **final exam** will be composed of two extended essays. I will distribute four potential questions on the last day of class. These questions will be cumulative. At the start of the final, I will randomly pick two of the four questions. You must answer each of those questions.

*Makeup midterm exams...*will not be offered. In the advent of an extreme and verifiable medical or family emergency (to be determined in consultation with me and the Office of the Dean of Students), the in-class portions of your midterm will be rolled into your final examination grade. For example, if you miss the first midterm, your final will constitute 55% of your grade. Note however, that this option can only be used once. You must take at least two exams to receive a passing grade for the course.

CLASS SCHEDULE

I. Introduction

Thursday, August 25

Introduction

Tuesday, August 30

Thinking theoretically; What is globalization?

Rodrik, *The Globalization Paradox*, introduction and pp. 3-46

Thursday, September 1

Governance challenges in globalized economy

Collier, *The Plundered Planet*, pp. 3-36

II. The politics of international trade

Tuesday, September 6

Economic fundamentals: Standard trade theory and the costs of protection

Rodrik, *The Globalization Paradox*, pp. 47-66

Michael Spence. 2011. The Impact of Globalization on Income and Employment. *Foreign Affairs* 90(4): 28-41.

Thurs, September 8

The political underpinnings of the global economy: hegemonic stability theory

*Stephen D. Krasner. 1976. State Power and the Structure of International Trade. *World Politics* 28(3): 317-347.

Tuesday, September 13

International Institutions: GATT and the WTO

Rodrik, *The Globalization Paradox*, pp. 67-88

Susan C. Schwab. 2011. After Doha. *Foreign Affairs* 90(3): 104-117.

Thursday, September 15

The domestic politics of trade policy

*Frieden, Jeff. 1988. Sectoral Conflict and Foreign Economic Policy, 1914-1940. *International Organization* 42(1): 59-90.

III. The politics of international money

Tuesday, September 20

Introduction to money: interest rates, banks, the securitization of debt

Thomas L. Friedman. 2000. *The Lexus and the Olive Tree*. New York: Anchor Books. Pp. 44-72

Thursday, September 22

International money: the Unholy Trinity and the politics of exchange rates

*Jeffrey A. Frieden. 1991. Invested Interests: The Politics of National Economic Policies in a World of Global Finance. *International Organization* 45(4): 425-451.

Tuesday, September 27

Capital mobility, the race to the bottom, and sovereign wealth funds

Thomas Friedman. 2000. *The Lexus and the Olive Tree*. New York: Anchor Books. Pp. 112-144.

Thursday, September 29

Monetary institutions: central banks and the IMF

Roger Lowenstein. 2008. The Education of Ben Bernanke. *New York Times Magazine* (January 20).

Michael Grunwald. 2009. Time Person of the Year 2009: Ben Bernanke. *Time* (December 16).

Tuesday, October 4

MIDTERM

IV. The political economy of the development

Thursday, October 6

Introduction

Rodrik, *The Globalization Paradox*, pp. 135-158

Tuesday, October 11
Domestic institutions

*Barry R. Weingast. 1995. The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development. *Journal of Law, Economics, and Organization* 11(1): 1-33.

Thursday, October 13
Trade and growth

Rodrik, *The Globalization Paradox*, pp. 159-183

V. Natural Resources

Tuesday, October 18
The Resource Curse

Collier, *The Plundered Planet*, pp. 37-78

Thursday, October 20
The Resource Curse (ctd)

Collier, *The Plundered Planet*, pp. 79-152

Tuesday, October 25
OPEC and the international politics of oil

Martin Feldstein. 2001. Achieving Oil Security: A Practical Proposal. *The National Interest* 65S: 60-65

Robert McNally and Michael Levi. 2011. A Crude Predicament. *Foreign Affairs* 90(4): 100-111.

VI. The Environment

Thursday, October 27
Common pool resources

Collier, *The Plundered Planet*, pp. 153-228

Tuesday, November 1

The growth/environment tradeoff ; The politics of the climate control regime

Collier, *The Plundered Planet*, 229-244

*Alex Thompson. 2010. Rational Design in Motion: Uncertainty and Flexibility in the Global Climate Regime. *European Journal of International Relations* 16(2): 269-296.

Thursday, November 3

MIDTERM

VII. The political economy of national security

Tuesday, November 8

Globalization and peace I

McDonald, *The Invisible Hand of Peace*, pp. 1-76

Thursday, November 10

Globalization and peace II: Historical challenges and economic statecraft

Amy Chua. 2002. World on Edge. *Wilson Quarterly* 26(4): 62-77.

Patrick J. McDonald. 2007. Revitalizing Grand Strategy: America's Untapped Market Power. *The Washington Quarterly* 30(3): 21-35.

VIII. The politics of economic crisis

Tuesday, November 15

Historical antecedents: The Great Depression

Jeffrey Frieden. 2006. *Global Capitalism: Its Rise and Fall in the Twentieth Century*. New York: Norton, pp. 127-154, 173-194.

Thursday, November 17

Moral hazard and the Asian financial crisis

*Andrew MacIntyre. 2001. Institutions and Investors: The Politics of the Economic Crisis in Southeast Asia. *International Organization* 55(1): 81-122.

Tuesday, November 22
The Great Panic of 2008

Michael Lewis. 2009. The Man Who Crashed the World. *Vanity Fair* 51(8).

Alan M. Taylor. 2011. The Financial Rebalancing Act. *Foreign Affairs* 90(4): 91-99.

Liaquat Ahamed. 2011. Currency Wars, Then and Now. *Foreign Affairs* 90(2): 92-103.

Thursday, November 24
Off for Thanksgiving

IX. Global governance in an era of globalization

Tuesday, November 29
Globalization and the state

Rodrik, *The Globalization Paradox*, pp. 184-232

Thursday, December 1
Sustaining globalization

*John Gerard Ruggie. 1982. International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order. *International Organization* 36(2): 379-415.

Rodrik, *The Globalization Paradox*, pp. 233-250