Syllabus for POLS 412: International Political Economy, Fall 2015

Department of Political Science

Section 501, MWF, 9:45-10:35 a.m., Allen 1015
Section 502, MWF, 10:55-11:45 a.m., Allen 1015

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Course Description

International Political Economy (IPE) is an interdisciplinary field focused on the politics of international economic relations and the interactions between political and economic realms in the contemporary world. IPE addresses many issues, including: the management and openness of the international economy, determinants of trade and financial flows, bargaining between firms and the government, and the politics of economic development. After completing this course, students will be able to answer, and to assess existing answers, to the following questions and to many similar questions. In this course, we will analyze the relationship between economic issues and political incentives. Economic issues include trade and financial flows, monetary policy, fiscal policy, growth, inequality, and economic crises. Political incentives often stem from regime type, partisanship, political institutions, and election timing.

- How do domestic political institutions and partisanship influence international economic policy and economic outcomes?
- How do international economic flows affect and constrain domestic policymakers?
- Why do policymakers create international institutions and how do they affect economic policy and outcomes?

Prerequisites

POLS 206; junior or senior classification or approval of department head.

Learning Outcomes

During the course of the semester, students will gain knowledge about the history and development of political and economic ideas and organization, as well as about current events. Students will improve their ability to read and understand academic research, to assess the validity of existing arguments, to form their own positions based on evidence and logic, and to present their positions - along with relevant evidence - clearly and concisely in oral or written form. More specifically, students will be able to:

- Understand and extend existing theories presented in academic work,
- Develop a logical theory or argument that can be evaluated using evidence,
- Provide relevant evidence that is either consistent or inconsistent with the theory, and
- Clearly and concisely present academic work to a group of their peers.
Learning Environment

It is of utmost importance that every student feels comfortable speaking in class and that we are always respectful of one another. Students with concerns, challenges or special circumstances of any sort should let me know as soon as possible.

Americans with Disabilities Act Policy Statement

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Department of Student Life, Services for Students with Disabilities, in Cain Hall or call 979-845-1637. For additional information visit [http://disability.tamu.edu](http://disability.tamu.edu).

Course Materials

There is one required textbook for the course: Thomas Oatley. *International Political Economy: Interests and Institutions in the Global Economy*. Pearson Education, Inc., New York, NY, 2010. It is available at area bookstores. Edition 4 or 5 is acceptable for use in the course, and the syllabus lists the assigned reading in both editions. There is one day (9/11) when the reading is only available in the 5th edition - that reading will be available in .pdf format.

There is one recommended textbook for the course: Jeffry A. Frieden, David A. Lake, and J. Lawrence Broz. *International Political Economy: Perspectives on Global Power and Wealth*. Norton, New York, N.Y., 5 edition, 2010. The book provides a compilation of influential articles and ideas in IPE. Many of the chapters are available in article form, but the book provides a compact set of relevant readings.

A number of additional readings are also required; students can access them on the library e-reserves: [https://library-reserves.library.tamu.edu/areslocal/index.htm](https://library-reserves.library.tamu.edu/areslocal/index.htm). Students may need to download a .pdf viewer before viewing them. If, for some reason, the articles are not available on the course site, it is incumbent on the student to download them from the internet. The University Library and Google Scholar are good resources for this. Students are expected to have completed the reading by the day for which it has been assigned. All the readings are equally vital, and the exams and assignments will evaluate your knowledge of the textbook, articles, and any material covered in lecture.

Attendance

A student whose absence is excused will not be penalized for that absence and shall be allowed to take an examination or complete a missed assignment within 30 calendar days from the last day of the initial absence. Students should inform me in a timely manner of excused absences, as they must make up any missed work. If students need to miss class for a religious holiday, these absences are excused. Accommodations sought for absences due to the observance of a religious holiday can be sought either prior or after the absence, but not later than two working days after the absence. If students have a medical or personal emergency and need to miss class, these absences are excused. In cases where prior notification is not feasible, the student must provide notification by the end of the second working day after the absence, including an explanation of why notice could not be
sent prior to the class. If students need to attend an activity, these absences are also excused. The student is responsible for providing satisfactory evidence to the instructor to substantiate the reason for the absence. The fact that these may be university-excused absences does not relieve the student of responsibility for prior notification and documentation. Failure to notify or document properly may result in an unexcused absence. Falsification of documentation is a violation of the Honor Code.

View the university’s full attendance policy, Rule 7, here: [http://student-rules.tamu.edu/rule07](http://student-rules.tamu.edu/rule07).

**Assignments and Grading**

Grades in the course will be based on the following assignments:

- 20 percent in-class presentations
- 25 percent unit paper (3-5 pages)
- 25 percent in-class midterm exam
- 30 percent final exam

Grades will be awarded based on the following grading scale: A=90-100, B=80-89, C=70-79, D=60-69, F=59 and below.

**Participation**

Students must come to class having read the material, and they must be prepared to engage in discussion of the week’s readings. If it becomes clear that students are not completing the reading assignments, quizzes and other in-class assignments will be provided and will be included as part of the presentation grade. Cell phones are not permitted in class. Computers are permitted for word processing, but, if they become too distracting, students may be asked to put them away.

**Presentation**

Each student will present information from two assigned articles. The presentations will include a summary of the author’s argument, research design [or methodology], and findings, as well as possible extensions (10 percent each). Article presentations will be assigned to students at the beginning of the second class meeting. Although the class is often assigned an excerpt from the articles, students should read the full article (or chapter) for their presentation. Presentations are expected to last around five to ten minutes.

**Unit Papers**

The course is loosely divided into three units: (I) Trade, (II) International Investment and Banking, and (III) Fiscal and Monetary Policy. A third of the class will write a paper at the conclusion of each unit. At the end of the semester, each student will have written one unit paper. Unit papers will be assigned to students at the beginning of the second class meeting. Towards the end of the unit, students will submit a brief outline of their argument, including relevant evidence (3 pages at most). If the outline is not submitted, the student will receive a 5 percent deduction on his or her unit paper grade. After receiving comments from me, students will have a week to write and submit their 4-5 page, double-spaced paper (25 percent).

In the unit paper, students are asked to extend one of the arguments discussed in class or present a novel argument related to the unit’s topic. The paper should resemble a (much-shorter) article.
As such, it will include a brief discussion of the question the paper seeks to answer (~half page), the theory that addresses the question (~two pages), how evidence could be used to evaluate the theory (~half page), whether evidence is consistent with the argument (~one page), and implications or extensions of the theory and evidence presented in the paper (~half page). There will be no “right” answers in this paper. Students should feel free to draw any conclusions they like, so long as the paper is well reasoned and demonstrates knowledge of the material.

Exams

The midterm and final exams will be closed book exams featuring short answer questions (roughly one paragraph) and essay questions (roughly three to five paragraphs). These exams will require students to know the assigned readings and concepts, as well as to be able to synthesize the material. I might ask short answer questions like: “What is IMF conditionality and when is it likely to be effective, according to Stone?” or “What are bilateral investment treaties and how might they affect invest flows?” or essay questions like: “What do you expect will happen to a country’s trade and investment patterns if that country transitions from dictatorship to democracy? Discuss the arguments of at least two authors.”

The midterm exam will cover readings and lectures from the first half of the course (25 percent). The final exam will focus on the second half of the course but may reference concepts and readings from the first half (30 percent).

Grading Policy

Late assignments will lose one-third of a letter grade (i.e., from A to A-) for each day they are late. The only exceptions will be for an excused absence, in which case students must make personal arrangements with me. I will try to provide detailed comments while grading that will be helpful to students. I am also available during office hours to answer any questions students may have.

If a student feels as though a grade should be changed, after discussing the grade with me, he or she should initiate a grade appeal. The appeal must be initiated within one week after receiving the graded assignment. The appeal must include the original assignment and a brief explanation detailing why the assignment deserves a higher grade (attention to the content of the assignment and the assignment prompt will be useful here). I will re-evaluate the grade.

Aggie Honor Code

“An Aggie does not lie, cheat, or steal or tolerate those who do.”

Upon accepting admission to Texas A&M University, a student immediately assumes a commitment to uphold the Honor Code, to accept responsibility for learning, and to follow the philosophy and rules of the Honor System. Students will be required to state their commitment on examinations, research papers, and other academic work. Ignorance of the rules does not exclude any member of the TAMU community from the requirements or the processes of the Honor System. For additional information please visit: http://www.tamu.edu/aggiehonor/

Helpful Links

- Academic Calendar http://registrar.tamu.edu/General/Calendar.aspx
- Final Exam Schedule http://registrar.tamu.edu/General/FinalSchedule.aspx
Course Outline

Class meets MWF for fifty minutes each day. Reading assignments are indicated using ‘PAGES’ in all capitals. When no specific ‘PAGES’ are indicated, the entire chapter or article is assigned. The readings are subject to change. Any changes will be announced in class and will be updated on the online syllabus: [http://people.tamu.edu/~apond/2015_Pond_412Fall_Syllabus_IPE.pdf](http://people.tamu.edu/~apond/2015_Pond_412Fall_Syllabus_IPE.pdf).

8/31 – Introduction
- What is IPE? Preferences, Institutions, Policies, and Outcomes
- How to read academic papers?

Unit I: Trade Policy

9/2 – Principle of Comparative Advantage and Gains from Trade

Sign up for reading presentations and unit papers.


9/7 – The Factors Model

9/9 – Domestic Institutions and Trade Policy: Regime Type and Partisanship


9/14 – The Sectors Model

9/16 – Domestic Institutions and Trade Policy: Executive-Legislative Relations and Delegation

9/18 – Strategic Trade and National Security

9/21 – Import Substitution Industrialization and the Shift to Export Orientation

9/23 – GATT and WTO

9/25 – International Institutions and Trade

9/28 – WTO Rules and Participation

**Unit II: International Investment and Banking**

9/30 – Multinational Corporations: Why FDI?

*Unit 1 Outline Due*
10/2 – Benefits and Costs of FDI

10/5 – Political Risk

10/7 – Attracting Investment: Domestic Political Institutions and Policies.

10/9 – Attracting Investment: International Investment Agreements

Unit 1 Paper Due

10/12 – The Race to the Bottom
   – Oatley Edition 5, 199-200; Oatley Edition 4, 210-211.
   – Layna Mosley and Saika Uno. Racing to the bottom or climbing to the top? economic globalization and collective labor rights. Comparative Political Studies, 40(8):923–948, August 2007; PAGES 923-935.
10/14 – Portfolio Investment, Capital Account Openness, and Economic Outcomes

10/16 – Capital Account Openness and Political Motivations

10/19 – Fiscal Policy & Constraints Posed by Mobile Capital

10/21 – Investor Protection and Rights
- Douglass C. North and Barry Weingast. Constitutions and commitment: The evolution of


10/23 – Introduction to the Politics of Commercial Banking, Basel Agreements


10/26 Review Session

10/28 MIDTERM EXAM

**Unit III: Monetary Policy and Exchange Rate Regimes**

10/30 – Monetary Policy and Exchange Rates Choices


**Unit II Outline Due**

11/2 – The Mundell-Fleming Model or “Unholy Trinity”


11/6 – Exchange Rate Choices: Domestic Determinants

11/9 – Exchange Rate Choices: Feasibility

Unit II Paper Due

11/11 – Latin American Debt Crisis

11/13 – Financial Crises: Patterns and Sources
– Revisit Rose’s article on optimal currency areas.
11/16 – Financial Crises: Conditionality and the IMF


11/18 – Monetary Union and the Euro


11/20 – Inequality


11/23 – Immigration

11/30 – Development Models

Unit III Outline Due

12/2 – Foreign Aid: Consequences

12/4 – Foreign Aid: World Bank and Lending Incentive

12/7 – Economic Sanctions

12/9: Review Session

Unit III Paper Due

Final Exam
   – 12/14, 8:00-10:00 a.m. for Section 501 (meets MWF, 9:45-10:35 a.m.)
   – 12/15, 8:00-10:00 a.m. for Section 502 (meets MWF, 10:55-11:45 a.m.)