

PSC 328
INTERNATIONAL POLITICAL ECONOMY
SRING 2004

T-R 9:30pm-10:50am
10 Capen Hall
Office Hours: Tuesday 1:00pm-3:00pm,
and Wednesday 10:00am - Noon.

Dr. Erick Duchesne
Park Hall 415
Phone: 645-2251 ext. 415
duchesne@acsu.buffalo.edu

COURSE DESCRIPTION

It is hard to imagine a more interesting time to study the international economic system. We live in an era of rapid political and economic change; the eventual outcome of this roller coaster ride is far from clear. Changes such as the relative decline of the United States, the creation of the North American Free Trade Area (NAFTA); the rise of China and Japan; the inauguration of the World Trade Organization (WTO); the collapse of the Soviet Union; the transitions from Communism and autocracy to capitalism and democracy; the emergence of the Newly Industrializing Countries (NICs); and the performance of the stock market will have a profound impact on your life. It will influence the price of the next car you buy, the range of jobs available to you after graduation, your ability to invest in stocks, and your ability to reap profits from your next invention.

IPE is about the struggle for power and wealth within the international system. It focuses on two essential questions: (1) how do states, which desire to maximize their wealth, link themselves to the international system? and (2) how do states use this new wealth to order the international system in a way that maximizes their ability to generate new wealth? As we shall see, the struggle for power and wealth does not imply a situation of pure conflict between states in the system. In many cases, states share similar interests. In these cases, the challenge involves organizing collectively in an anarchical system. In sum, the course is about conflict and cooperation between states in the international system. As the outline of weekly subjects and readings in the syllabus indicates, we will discuss conflict and cooperation in a wide variety of issue areas, including among others, international trade, exchange rates, balance of payments, economic development, globalization, and trade strategies.

The course has four goals. First, the course will introduce you to a wide range of abstract theories of international political economy. Second, the course will give you a general overview of the history of the international system. The historical examination will allow us to evaluate the utility of alternative theories. Third, the course will expose students to a variety of problems confronting specific countries and the global community. Fourth, students will have the opportunity to discuss and sharpen their opinions on the most important contemporary international economic issues.

READINGS

There are only three books assigned to this class:

COHN, Theodore H, 2003, *Global Political Economy*, 2nd ed., New York, Longman.

* The above constitutes our main text. It covers the majority of the theoretical and historical issues covered during the semester.

KLEIN, Naomi, 2002, *Fences and Windows: Dispatches from the Front Lines of the Globalization Debate*, Picador USA.

* Naomi Klein was declared the “most influential person under the age of thirty-five in the world” by the *Times* of London. Her previous book, *No Logo*, quickly became a bestseller and was translated in twenty-three languages. Klein is at the forefront of a younger generation that casts doubt on the benefits of globalization. *Fences and Windows* brings together two years of commentary written by Klein at demonstrations and summits around the world.

ROBERTS, Russell, 2001, *The Choice: A Fable of Free Trade and Protectionism*, Upper Saddle River, NJ, Prentice Hall.

* From the jacket of the book: “A novel on the global economy? Russell Roberts breaks all the rules in this provocative and whimsical look at the key international economic issues facing America and American business. *The Choice* stars the ghost of David Ricardo, a nineteenth-century economist. To get his wings he must persuade the CEO of an American television manufacturing company that imports are good for America, even if they destroy the domestic television industry.” This novel does a splendid job explaining, without much economic jargon, some of the most important theoretical aspects on international economics. We will cover and discuss *The Choice* during the first half of the semester.

I will also post articles on the web site covering current issues in the world of International Political Economy. You will be able to access these articles through the class web page.

Examinations will cover material from ALL required readings (including short articles). Lectures will complement, and NOT reproduce, the materials from the readings. Missing several classes and focusing on readings is therefore a recipe for disaster.

WEB PAGE

The course web page will be a central element of the class. The web page will contain the class syllabus, lecture overheads, assignments, midterm and final review sheets, additional readings, student contact information, links to sites relating to international relations, and other useful information. The page's address is: <http://pluto.fss.buffalo.edu/classes/psc/duchesne/psc328/index.html>.

COURSE REQUIREMENTS

2 “midterm” examinations	70% (40%, 30%)
Current event quizzes, exercises, and class participation	30%

The midterm exams will be weighted in the following way: Your best score on the two exams will be worth 40% of your final grade, and your second best 30%. This weighted scale has the advantage of helping student who may have had a “false” start after the first examination. There is no final exam scheduled for this class and midterm exam is NOT cumulative. The tentative dates of the exams are indicated below. The format of each examination will be discussed in class and you will receive a study guide a week prior to each examination. In order to prepare for the exams you are strongly encouraged to attend class and do all the readings. Questions will pertain to class material and readings, even if material in the readings was not covered in class.

GRADING SCALE

Let's imagine that Sven receives the following scores:

Attendance etc.: 85%
First Exam: 70%
Second Exam: 80%

His grade is calculated the following way:

25.5 (i.e., $85 \times .3$ for attendance, current event quizzes, and exercises) + 32 (i.e., $80 \times .4$ for his score on his best midterm exam) + 21 (i.e., $75 \times .25$ for his score on his second best exam) for a total of 78.5%. According to the following scale, he would then receive a grade of B⁻ for the class:

90% to 100% = A
87% to 89.9% = A⁻
84% to 86.9% = B⁺
80% to 83.9% = B
76% to 79.9% = B⁻
72% to 75.9% = C⁺
68% to 71.9% = C
64% to 67.9% = C⁻
60% to 63.9% = D⁺
50% to 59.9% = D
< 50% = F

You should be aware that this represents a “worst case” scenario. For instance, it means that Sven cannot receive a lower grade than a B⁻, but chances are good that he will receive a higher grade than a B⁻ if he finishes with 78.5%. Very often, according to the performance of a specific class (or it can be that exams are especially difficult during a specific semester), the grading scale is pushed down such that, for instance, a student might need an 85%, not a 90% in order to receive an A for the class. However, in no cases will a student need more than 90% to get an A. Keep that in mind during the semester. In the past, students have been pleasantly surprised when they received their final report card. I also understand that sometimes, because of special circumstances, you do not perform as well on an exam as you normally do. If it happens, come to talk to me immediately to discuss your situation; do not wait until the semester has almost ended. If you wait until the semester has ended, I am afraid there's nothing I can do to help you.

MAKE-UP EXAMS AND EXTRA CREDIT POLICY

Make-up exams will be given only to students with medical or personal emergencies (for instance, death in the family). If an emergency arises, you will need to contact me before the exam. I will be strict on this policy. If you fail to communicate with me (in person, via e-mail or voice mail) prior to the exam, you will receive a grade of “0” for the particular examination. The make-up exam will likely consist of a 20 pages take-home, which you'll need to return a within three days after you receive the questions.

You should be aware that you have the **right** to ask for a make-up exam if you have three or more exams on a given day. If you choose the make-up option in my class you will need to give me a proof that you have three exams on that day, **at least a week prior** to the regularly scheduled examination. In order to demonstrate

proof that you have three exams on the same day, I require a letter on Department's letterhead from two of your professors indicating that they are giving an exam on the same date as mine **and** that they have refused to allow you the opportunity to take a make-up examination. I will be very strict on this policy.

There are no make-ups for the quizzes and exercises.

I will not, under any circumstances, give extra credits. If you run into specific difficulties during the semester, you need to discuss the problem with me. We will try, together, to find a suitable solution, whenever possible. **I HAVE NEVER CHANGED A GRADE ONCE THE SEMESTER IS OVER AND IT IS NOT MY INTENTION TO START DOING IT.** Please consider this fact in your decision to keep this class on your schedule.

If you are one of those students to whom some "unfortunate" events always occur and have difficulty with deadlines and showing up for examinations, you are **strongly** encouraged to select another class.

QUIZZES, EXERCISES, CLASS PARTICIPATION, AND DISCUSSION

You are expected to attend class regularly and take notes. A large segment of the material for the exams is taken from lecture. I will use material for lecture that is not covered in the readings. If you miss class, it is your responsibility to get the lecture notes from a classmate. It will be a good idea to come and discuss the class material you have missed, once you acquired the notes from one of your classmates. I will not, **under any circumstances**, give my lecture notes to students. Furthermore, outstanding class participation might bump you up one third of a full grade (example: from B to B⁺).

Starting in the second week of class, I will circulate an attendance sheet on Tuesdays. You will receive one point for your attendance. On Thursdays, I will give you a current event quiz. Taking the quiz will serve as proof that you attended class that day and you will receive your attendance credit. My current event quiz questions will be taken from the international section of the *New York Times*. You can keep up with international events in any manner you choose to, but I strongly suggest that you subscribe to the **free** New York Times email service. Go to <http://www.nyt.com/> and sign up for this service. You will then receive an email each morning from the NYT.

The second hour on Thursdays will be dedicated to class discussion. I will let you know ahead of time what our topic of discussion will be. I will normally give you some short articles to read in preparation for the class discussions. Usually, there will be a short assignment associated with the discussions. It is a good way for you to reflect about the topic of our Thursday discussion.

TOPICS/READINGS

There are no dates scheduled for each separate lecture, but I will keep you updated when we move from one lecture to the next. Only required readings from the Cohn textbook are listed below.

I expect you to be done reading Roberts' novel by the first examination date. It will be examination material. When reading each chapter of this book, keep in mind the following concepts and theories, which will be highlighted during lectures: Chapter 1 (Classical Liberalism), Chapter 2 (Protectionism and Business Cycle Theory), Chapter 3 (Comparative Advantage), Chapter 4 (Relative versus Absolute Gains and Absolute Advantage), Chapter 5 (Drucker's Perspective on the Future of Trade), Chapter 6 (Protectionism, Trade and Tariffs), Chapter 7 (Protectionism, Voluntary Export Restraints and Orderly

Marketing Agreements), Chapter 8 (Exchange Rates), Chapter 9 (Reasons for Protectionism, especially Managed/Strategic Trade), Chapter 10 (Fair Trade versus Free Trade, Comparative Advantage, and Capital Accounts), Chapter 11 (Dumping, Subsidies, and Countervailing Duties), Chapter 12 (Environmental Standards and Development), Chapter 13 (Autarky, Specialization, and Comparative Advantage).

In contrast, the second examination will include some questions regarding Klein's book.

Important Dates:

First Class Meeting:	Tuesday January 13
Last day to drop course without financial penalty:	Friday January 16
Last day to "drop/add" course:	Friday January 23
Course "resign" period begins:	Saturday January 24
First Midterm Examination:	Thursday February 26
Last day to "resign" course:	Friday March 5
Spring Recess:	Monday March 12–Friday March 19
Second Midterm Examination:	Thursday April 22

1) Introduction: Syllabus, course description

2) What is International Political Economy (IPE)?

Readings: Cohn, Chapter 1; pp. 1-23.

3) Trade and Protectionism

Readings: Cohn, Part II; pp. 67-145.

4) International Economic Institutions

Readings: Cohn, Chapters 2, 8, and 9; pp. 25-65, 225-317.

5) Domestic Politics and Trade

Readings: None. (Use this "free" time to read more of Klein's book)

6) American Trade Policy

Readings: None. (Use this "free" time to read more of Klein's book)

7) International Finance

Readings: Cohn, Chapter 6; pp. 149-186.

8) Economic Development, International Debt, and Foreign Aid (Tentative, if time permits)

Readings: Cohn, Chapter 11; pp. 371-414.

9) Putting it All Together: Globalization and the Future of Trade

Readings: Cohn, Part IV; pp. 415-438.