

PLSC 486T: The Politics of Economic Crisis
Fall 2019

Classroom Wing 328
TR 4:25pm-5:50pm

Instructor: Prof. Katja Kleinberg
Email: kkleinbe@binghamton.edu
Office: LN-G 55

Office hours: Mo & Thu 2-3pm
and by appointment

Course Description

This course is an advanced undergraduate seminar designed for students who are interested in the political causes and consequences of economic crises. While the growth of international trade and financial flows can appear unstoppable and ultimately desirable, frequent crises and reversals suggest a more complicated story. The Great Depressions of late 19th century and early 20th century as well as the global financial crisis of 2007/8 are only the most recent examples of dramatic economic upheavals that affect individuals, companies, and governments worldwide.

This course is built on the premise that the structure of domestic economic systems and of the global economy as a whole is determined by politics, that is, by the interaction of interests and institutions. We will seek out answers to the following broad questions: What are the economic and political causes of economic crises? How and why do governments deal with—or fail to deal with—the consequences of economic crises? And why do governments appear to be unable to predict and prevent the next crisis? To answer these questions, we will discuss readings from a variety of sources (history, political science, journalism) and examine several of historical examples in detail.

By the end of the semester, students will have acquired (1) a historical overview of major economic crises, (2) the ability to identify the key actors in economic crises, (3) an understanding of basic economic and political processes that facilitate and perpetuate economic crises, and (4) the ability to critically assess descriptions and analyses of economic crises and any “lessons” that may be learned from them. In addition, the course is designed to engage and develop analytical, argumentation, and writing skills as students read and discuss primary sources in economic history. The course assignments are also designed to train students to put current events into historical and theoretical context. A final goal of this course is to establish habits of keeping informed about current events and of engaging sources and materials critically.

Course Materials

The following books are required for this course. It is available for purchase at the Binghamton University bookstore but you may purchase it from other sources, provided you buy the correct edition.

*Goldgar, Anne. 2008. *Tulipmania*. Chicago, IL: University of Chicago Press.

*Galbraith, John Kenneth. *The Great Crash*. [any edition]

*Chinn, Menzie, and Jeffrey A. Frieden. 2011. *Lost Decades*. New York, NY: W. W. Norton.

*Atkinson, Anthony B. 2015. *Inequality: What Can Be Done?* Cambridge, MA: Harvard University Press.

Additional materials will include excerpts from edited volumes, scholarly articles, and media reports. They will be available on the course website on MyCourses. In the syllabus, they are marked as [MC].

Students are strongly encouraged to follow current events in the global economy, including trade talks, financial crises and states' responses to them, as well as the ongoing debates about the U.S. sovereign debt. Examples of useful sources include major daily newspapers (New York Times, Financial Times, Wall Street Journal) and weekly journals (e.g., The Economist). Keeping up with current events will enrich class discussions by allowing us to draw parallels to historical events and developments. Moreover, it will allow students to participate in public life as informed citizens.

Course Requirements

Successful participation in this course requires regular and active participation in class, reading quizzes, weekly discussion questions (to be submitted before class in writing), and a 12-15 page research paper. For purposes of assigning a final grade, the following weighting factors will be applied:

Research paper	40%
Participation	30%
Quizzes	20%
Discussion questions	10%

Grading Scale. Your semester grade for the course will be computed on a 100-point scale as follows:

95-100 A	84-87 B	74-77 C	0-64 F
91-94 A-	81-83 B-	71-73 C-	
88-90 B+	78-80 C+	65-70 D	

Participation (30%). Participating in class discussions by asking questions, answering questions, and offering opinions is one of your responsibilities as a student in this course. It is a major component of the course grade. Your participation grade will be based both on your attendance and the quality of your contribution to discussion. Active and productive discussion in class requires that students complete the readings listed for each day on the syllabus before class begins. Be advised that class discussions are designed to clarify the material and its implications, not to introduce it. Attendance is no substitute for completing the readings. If you are unsure how you are doing in the course, I encourage you to come see me in office hours at any point during the semester.

Reading quizzes (20%). There will be at least six quizzes throughout the semester. Quizzes will not be announced in advance. They will be designed to test knowledge of the assigned readings for each week. Given that completing the assigned readings is a minimum requirement for performing well in this seminar, students should consider these quizzes a ready opportunity for improving their overall grade.

Discussion questions (10%). For each week, each student will submit 2-3 discussion questions about the readings. These questions are meant to stimulate conversation and should address problems and puzzles raised in the readings for that week. Accordingly, they should not be simple

factual questions (“What is this book about?” or “When did X happen?”). Questions for each week must be submitted by **3pm on Tuesday**.

Research paper (40%). Each student will produce a 12-15 page paper (exclusive of endnotes and bibliography) containing original research on an economic crisis of his/her choice. In the paper, you should (1) characterize the crisis, (2) outline possible explanations regarding its causes, and (3) describe how relevant political actors responded to the crisis. The final part of the paper is a one-page memorandum outlining policy recommendations that arise from your research. Some ground rules:

- Paper topics must be cleared in advance with the instructor.
- Students may NOT write about a crisis that we discuss in detail during the semester.
- Part 1 of the paper (characterization of the crisis) must present at least two different types of empirical data.
- A 2-4 page paper outline (topic and possible sources) is due on **Thursday, September 19**.
- A complete draft of paper is due in class on **Tuesday, December 3** AND must be submitted through Turnitin on Blackboard by that time.

Detailed instructions for the research paper assignment will be provided during the third week of classes (**September 3 & 5**).

Course Policies

Classroom electronics. The use of laptops, tablets, smartphones, and any other electronic devices is permitted unless (or until) it becomes disruptive to class discussions. Exceptions will be made for students with documented special needs.

Attendance. Students are expected to attend every class meeting. Although I will not take roll to enforce this policy, repeated absences will have a negative impact on your final grade. Student participation and in-class writing assignments are important aspect of this course. Obviously, you cannot participate if you are not present. You are also responsible for all readings and materials covered, as well as all any announcements made in class.

Grade appeals. All grade appeals must be made in writing. If you believe that I grade I have assigned you is incorrect, you should write a brief letter detailing your concerns and submit it to me along with the original graded assignment. I will review the materials and respond to you in writing.

Academic dishonesty and plagiarism. Academic dishonesty will not be tolerated. You may not give or receive any unauthorized assistance during exams, quizzes, or assignments. Any and all instances of academic dishonesty will result in a failing grade for the course and will be reported to the Harpur College Academic Honesty Committee for possible further disciplinary measures.

Classroom civility. In order to create a productive learning environment in our classroom, you will be asked to observe a few simple rules of behavior:

- Be on time.
- Be prepared for class.
- Turn off your cell phone/smartphone/etc.

Students are strongly encouraged to contribute opinions and observations in ways that invite discussion. Please keep in mind that students in our classroom will have divergent perspectives,

unique life experiences, and different strategies for defending their views. Please state your opinions constructively and respectfully. Just as importantly, listen carefully when your colleagues are speaking. If at any time you are offended by something that is said in class, please come speak to me.

Students with Special Needs. Athletes who expect to miss classes are required to inform the instructor at the beginning of the semester as well as in advance of classes and/or assignments that need to be rescheduled. Services for Students with Disabilities (SSD) provides a wide range of assistance to enrolled students with physical, learning or other disabilities. If you have a disability and need classroom accommodations, please contact Services for Students with Disabilities: 607-777-2686 (voice/TTY).

A Note on Stress and Anxiety. You are not alone. You don't have to deal with stress and anxiety all by yourself. If you are experiencing undue personal or academic stress at any time during the semester or need to talk with someone about a personal problem or situation, I encourage you to seek support as soon as possible. I am available to talk with you about stresses related to your work in my class. Additionally, I can assist you in reaching out to any one of a wide range of campus resources. Important phone numbers are listed on the MyCourses site associated with this class.

SCHEDULE OF TOPICS & READINGS

Recommended background reading for the semester: The Economist. 2014. 'Financial Crises: The Slumps that Shaped Modern Finance.' Print edition, April 12, 2014.

For a broader overview of more recent history of the global economy, see Jeffrey A. Frieden. 2006. *Global Capitalism*. New York, NY: W.W. Norton.

Readings marked * are required books for the semester; be sure to get them early enough to actually read them. Readings marked [MC] will be available through the MyCourses website for this course. All other readings are freely available through the BU Library. If you have difficulty locating a reading, let me know in a timely fashion.

I reserve the right to add/change readings. Any changes will be announced at least one week in advance through MyCourses.

1. August 22 – Introduction

Homework for August 27: make a list of different *types* of economic crises you are aware of, including a brief (general) description

2. August 27 (no class August 29, *instructor at conference*) – Fundamentals I

Gourevitch, Peter. 1986. *Politics in Hard Times*. Ithaca, NY: Cornell University Press. Pages 17-67. [MC]

Reinhart, Carmen M, and Kenneth S. Rogoff. 2011. *This Time is Different*. Princeton, NJ: Princeton University Press. Chapter 1. [MC]

Deadline for Drop/Add: September 4

3. September 3 & 5 – Tulipmania & Writing the History of Crises

*Goldgar, Anne. 2008. *Tulipmania*. University of Chicago Press. [entire]

The Economist. 2013. Was Tulipmania Irrational? Print edition, October 4, 2013.

4. September 10 & 12 – Fundamentals II

Kindleberger, Charles P., and Robert Aliber. 2005. *Manias, Panics, and Crashes*. Hoboken, NJ: Wiley. Chapters 2 & 10. [MC]

Keech, William R. 1995. *Economic Politics*. Cambridge, UK: Cambridge University Press. Pages 3-44. [MC]

Cassidy, John. 2010. What Good is Wall Street? *The New Yorker*, Print edition, November 29, 2010.

5. September 17 & 19 – The Great Depression I

*Galbraith, John Kenneth. 1954. *The Great Crash*. [entire]

Kindleberger, Charles L. 1973. *The World in Depression: 1929-1939*. [any edition] Chapter 14. [MC]

6. September 24 & 26 – The Great Depression II

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

Tooze, Adam. 2006. *The Wages of Destruction*. New York: Penguin. Pages 1-36, 203-243. [MC]

7. October 3 (no class October 1, Rosh Hashanah) – Great Depression III

King, Gary, Ori Rosen, Martin Tanner, and Alexander F. Wagner. 2008. Ordinary Economic Voting in the Extraordinary Election of Adolf Hitler. *Journal of Economic History* 68(4): 951- 996.

De Bromhead, Alan, Barry Eichengreen, and Kevin H. O'Rourke. 2013. Political Extremism in the 1920s and 1930s: Do German Lessons Generalize? *Journal of Economic History* 73(2): 371-406.

8. October 8 & 10 – Crises of Development and Adjustment

Frieden, Jeffrey A. 1991. *Debt, Development and Democracy*. Princeton: Princeton University Press. Chapters 2, 3, 6. [MC]

The Economist. 2014. A Century of Decline: The Tragedy of Argentina. Print edition, February 17, 2014.

9. October 15 & 17 – The Great Recession I: U.S. Edition

*Chinn, Menzie, and Jeffrey A. Frieden. *Lost Decades*. New York, NY: W. W. Norton. [entire]

10. October 22 & 24 – The Great Recession II: Transatlantic Edition

Chinn, Menzie, and Jeffrey A. Frieden. *Lost Decades*. New York, NY: W. W. Norton. Reread Chapter 7.

Tooze, Adam. 2018. *Crashed: How a Decade of Financial Crises Changes the World*. New York, NY: Viking. Introduction and chapters 3, 8-10. [Reserve/MC]

Deadline for Withdrawal/Change of Grade Option: October 28

11. October 29 & 31 – The Great Recession III: Eurozone Crisis

Tooze, Adam. 2018. *Crashed: How a Decade of Financial Crises Changes the World*. New York, NY: Viking. Chapter 14 (Greece). [Reserve/MC]

Lewis, Michael. 2011. *Boomerang: Travels in the Third World*. New York: Norton. Chapter 3: Ireland. [MC]

12. November 5 & 7 – Paying the Tab

Bechtel, Michael M., Jens Hainmueller, and Yotam Margalit. 2014. Preferences for International Redistribution: The Divide over the Eurozone Bailouts. *American Journal of Political Science* 58(4): 835-56.

Broz, J. Lawrence. 2011. The United States Congress and IMF Financing, 1944-2009. *Review of International Organizations* 6(3): 341-68.

The Economist. 2011. Reforming Europe: Debt and Democracy. Print edition, September 8, 2011.

13. November 12 (no class November 14) – Comparing Crises

Bordo, Michael D., and Harold James. 2010. The Great Depression Analogy. *Financial History Review* 17(2): 127-140. [MC]

Funke, Manuel, Moritz Schularick, and Christoph Trebesch. 2015. Going to Extremes: Politics after Financial Crisis, 1870-2014. CESifo Working Paper, No. 5553. Munich, Germany: Center for Economic Studies and Ifo Institute (CESifo). [MC]

14. November 19 & 21 – Domestic Inequality

*Atkinson, Anthony B. 2015. *Inequality: What Can Be Done?* Cambridge, MA: Harvard University Press. Chapters 1-5, 9-10.

15. November 26 (no class November 28, Thanksgiving) – Global Inequality

Kaplan, Robert O. 1994. The Coming Anarchy. *The Atlantic*, February 1994.

Irwin, Neil. 2019. Climate Change's Giant Impact on the Economy: 4 Key Issues. *New York Times*, The Upshot, January 17, 2019.

The Intergovernmental Panel on Climate Change. 2018. *Special Report: Global Warming of 1.5 °C*. *Focus on chapters 3-4. [MC]

16. December 3 & 5 – Discussion of paper drafts and concluding comments