

PLSC 486T: The Politics of Economic Crisis
Spring 2021

[Online Synchronous]
TR 11:40am-1:05pm via ZOOM

Instructor: Prof. Katja Kleinberg
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Office hours: Tue & Thu 2pm-3:30pm
only 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 and the current economic crisis caused by the global COVID-19 pandemic 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 skills, argumentation skills, 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.

NOTE: This course helps to fulfill the requirement for 10 PLSC courses, 6 upper-level courses (300- or 400-level), and 2 senior seminars (400-level) for political science majors. This course also fulfills N (Social Science) and W (Writing) General Education requirements.

Course Modalities

The format for this course is Distance Learning/Online Combined. We will meet **synchronously via Zoom** most weeks for discussions of the assigned readings. Students should thus plan to be available during the regular class times.

This course is a 4-credit course, which means that in addition to the scheduled discussions, students are expected to do at least 9.5 hours of course-related work each week during the semester. This

includes things like completing assigned readings, preparing written assignments, responding to discussion board prompts, and other tasks that must be completed to earn credit.

Course Materials

The following books are **required** for this course. They are available for purchase at the Binghamton University bookstore or library BUT you may access them from other sources, provided you get the correct edition.

*Goldgar, Anne. 2008. *Tulipmania*. Chicago, IL: University of Chicago Press. [Available ONLINE through BU Library]

*Aliber, Robert Z., and Charles P. Kindleberger. 2015. *Manias, Panics, or Crashes*. 7th Ed. New York, NY: Palgrave. [7th Ed. available for rent on AMAZON, ~\$12 for semester]

*Galbraith, John Kenneth. 1955. *The Great Crash*. [any edition] [Paperback ~\$15 on Amazon]

*Tooze, Adam. 2018. *Crashed: How a Decade of Financial Crises Changed the World*. New York, NY: Viking. [Paperback ~\$15 on Amazon]

The following book is **recommended**:

*Reinhart, Carmen M., and Kenneth S. Rogoff. 2009. *This Time Is Different*. Princeton, NJ: Princeton University Press. [2011 paperback edition is ~\$17 Amazon]

Additional materials will include excerpts from edited volumes, scholarly articles, and media reports. They will be available through the BU library's digital collection or on the course website on MyCourses. In the syllabus, the latter 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.

How to Get & Stay in Touch

General communication. Messages about the course, changes to the syllabus or deadlines etc. will be communicated through MyCourses 'Announcements' and your university email address. Make sure to check that email account and the MyCourses site daily.

Email. My email address is kkleinbe@binghamton.edu. I will respond to email during business hours (Monday through Friday 8am-6pm) and as soon as I can but you should expect answers to take up to 24 hours even during business hours.

Office hours. These will be virtual (via Zoom) Tuesday and Thursday 2pm-3:30pm **by appointment**. Email me to set up a time to talk. There will be a permanent Zoom link under the 'Announcements' tab on the MyCourses page. If the regular office hours do not fit your schedule, if you prefer not to use Zoom, or if you would like to discuss something that might take a bit longer to work out, you can email me to set up a separate appointment.

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:

Class Discussions	30%
Discussion Questions	30%
Research paper	30%
Course Wiki	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	

Class Discussions (30%). Learning in this course will take place primarily through discussions of assigned readings. Your **active** participation is essential to making this work, which includes asking questions as well as answering them. This means that you need to finish the assigned readings **before our class meetings** and come prepared to talk about them.

Discussion Questions (30%). For each week's first synchronous online discussion, there will be a Discussion Board devoted to that week's readings. I will post several discussion questions on this board to get us started. Each student should post an answer to at least one of these questions. In addition, you will post your own questions and/or respond to (or elaborate on) other students' questions. Your answers to the initial discussion questions for each week will be due on **Monday by 8pm.**

Research Paper (30%). Each student will produce a 12-15 page paper (double-spaced, 12pt Times New Roman, exclusive of endnotes and bibliography) containing original research on an economic crisis. Students will have a choice of topics and formats for the research paper. Detailed information about the paper assignment, including topics and formats, will be provided by Week 3 of the semester. Final versions of the research paper will be **due via Turnitin on May 23 by 8pm.**

Course Wiki (10%). The Wiki is designed to provide an additional way for us to collaborate on learning about economic crises because none of us is as smart as all of us (h/t Molly Wood & Kai Ryssdal). Maybe some concept—from political science or economics—that comes up in our readings will be new to you. Maybe you could use a refresher or one more (slightly different) explanation to really get it. Maybe you have come across an excellent new example to illustrate a particular idea. So let's all try to figure this out together.

The Wiki will be set up through the MyCourses site. You are encouraged to list concepts and terms *as well as* definitions, explanations, and examples whenever you come across them. Each student should add **one concept/explanation/example per week related to that week's readings.** Posts are due **no later than Thursday of each week by 8pm.** The earlier you post, the sooner we can respond and clarify.

*****IMPORTANT: Religious observance, personal emergencies, etc.*****

As you know, this semester has been condensed by eliminating university-wide holidays. In order to accommodate any classes or assignments you might miss due to religious observance, personal emergencies, or other unforeseen circumstances, the following rules apply:

You may miss TWO synchronous discussion meetings without penalty.

You may miss TWO discussion question responses without penalty.

You may miss TWO Wiki posts without penalty.

At the end of the semester, if you have completed more than the required number of any of these, I will drop the lower of your grade(s) for each. **Plan accordingly!** And see the comments on extraordinary circumstances ('Dealing with...') below.

Additional Course Policies

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 for assignments or exams. 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.

Students must properly cite and attribute all sources used for papers and assignments. Students may not collaborate on exams or assignments, directly or through virtual consultation, unless the instructor gives specific permission to do so. Posting an exam, assignment, or answers to them on an online forum (before, during, or after the due date), in addition to consulting posted materials, constitutes a violation of the university's Honesty policy. Likewise, unauthorized use of live assistance websites, including seeking "expert" help for specific questions during an exam, can be construed as a violation of the honesty policy. All students should be familiar with the [University's Student Academic Honesty Code](#).

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

- Be on time (for discussion posts and live discussions).
- Be respectful and courteous.
- Disagree (or agree) with arguments, not people.
- Before you type something, consider whether you would say it to another student's face.

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 the context of our class, please let me know.

Students with Additional 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 Dealing With **EVERYTHING – AGAIN/STILL**

As you are well aware, this semester is not normal. All of us are dealing with additional stress and anxiety. **You are not alone.** You don't have to deal with the stress and anxiety all by yourself. We will all need to help one another to navigate the difficulties we will face.

If you think you have been exposed to **COVID-19** and develop a fever and symptoms, such as cough or difficulty breathing, your top priorities should be getting medical treatment and avoiding further spread of the virus. If you are on campus, call the Student Health Service for instructions at 607-777-2221. Once you are able, let me know about your situation. I will take steps to help you make up the work you miss. I will do the same for **other personal and family emergencies** that may arise this semester.

Please let me know about these issues **as soon as you can.** It is much easier for me to help you if I know about your situation before it critically affects your academic performance. I don't need to know details. I will not pry into the details any more than necessary to assist you. Letting me know sooner rather than later, though, is key. I'm in a much better position to help you and make accommodations if you tell me when the problem arises. It is MUCH harder to do this if you wait until the end of the term. You can email me or check during office hours.

PRELIMINARY SCHEDULE

I reserve the right to add/change materials. Any changes will be announced through MyCourses.

NOTE: You are expected to complete the **required** material (readings/podcasts etc.) for each week by the **beginning of that week**.

2/11 **Week 1: Introduction**

No assigned reading

2/16-18 **Week 2: International Political Economy**

Oatley, Thomas. 2011. *International Political Economy: Interests and Institutions in the Global Economy*, 5th edition. New York: Pearson. Pages 1-20. **[MC]**

Frieden, Jeffrey, David A. Lake, and J. Lawrence Broz. 2017. *International Political Economy: Perspectives on Global Power and Wealth*. New York, NY: WW Norton. Introduction. **[MC]**

Gourevitch, Peter. 1986. *Politics in Hard Times*. Ithaca, NY: Cornell University Press. Ch 1&2. **[MC]**

2/23-35 **Week 3: The Universe of (Financial) Crises**

Reinhart, Carmen M, and Kenneth S. Rogoff. 2011. *This Time is Different*. Princeton, NJ: Princeton University Press. Read Chapter 1 and skim beginnings of remaining chapters to get an overview of **types** of economic crises. **[Chapter 1: MC]**

Shiller, Robert J. 2019. *Narrative Economics*. Chapters 1, 3-5. **[MC]**

3/2-4 **Week 4: Tulipmania**

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

The Economist. 2013. Was Tulipmania Irrational? Print edition, October 4, 2013. **[MC]**

3/9-11 **Week 5: Financial Crises – The Minsky Model**

Aliber, Robert Z., and Charles P. Kindleberger. 2011/2015. *Manias, Panics, or Crashes*. New York, NY: Palgrave. Chapters 1-4.

3/16-18 **Week 6: Financial Crises – The Great Crash**

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

Shiller, Robert J. 2019. *Narrative Economics*. Chapter 10. **[MC]**

3/23-25 **Week 7: Financial Crises – International Causes** *(Check next page for complete readings)*

Aliber, Robert Z., and Charles P. Kindleberger. 2011/2015. *Manias, Panics, or Crashes*. New York, NY: Palgrave. Chapters 8 & 9 (Contagion).

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

Danzman, Sarah Bauerle, W. Kindred Winecoff, Thomas Oatley. 2017. All Crises are Global: Capital Cycles in an Imbalanced International Political Economy. *International Studies Quarterly* 61(4): 907-923.

3/30-4/1 Week 8: The Political Economy Logic of Policy Responses

(Revisit from Week 1) Gourevitch, Peter. 1986. *Politics in Hard Times*. Ithaca, NY: Cornell University Press. Chapter 2. [MC]

Keech, William R. 1995. *Economic Politics*. Cambridge, UK: Cambridge University Press. Pages 22-44. [MC]

Aliber, Robert Z., and Charles P. Kindleberger. 2011/2015. *Manias, Panics, or Crashes*. New York, NY: Palgrave. 11-13 (Policy options and lenders of last resort).

If you could use a refresher on the current structure and functions of the IMF, check out: The IMF at a Glance.
<https://www.imf.org/en/About/Factsheets/IMF-at-a-Glance>

[now optional] Blyth, Mark. 2013. The Austerity Delusion. *Foreign Affairs* May/June, pp. 41-56. [MC]

4/6 Week 9: Sovereign Debt Crises, Serial Default, and Latin America

Reinhart, Carmen M, and Kenneth S. Rogoff. 2011. *This Time is Different*. Princeton, NJ: Princeton University Press. Chapters 4-6. [MC]

Read chapter 4 for an explanation of the main concepts, skim chapters 5&6 to get a sense of the prevalence of debt default over time for different countries and regions.

Devlin, Robert and Ricardo Ffrench-Davis. 1995. The Great Latin American Debt Crisis: A Decade of Asymmetric Adjustment. *Revista de Economia Politica*, 15(3): 117-142. [MC]

Martin, Fernando M., and Christopher J. Waller. 2012. Sovereign Debt: A Modern Greek Tragedy. *Federal Reserve Bank of St. Louis Review* 94(5): 321-39. [MC]

For a video version of the report: <https://www.youtube.com/watch?v=r721PuDF8VA> [MC]

4/13-15 Week 10: Case Study – The Asian Financial Crisis

Haggard, Stephan. 2000. *The Political Economy of the Asian Financial Crisis*. Washington, DC: Peterson Institute for International Economics. [Available online through the BU library]

Read chapters 1-3.

Then read either chapter 4 or 5.

4/22 Week 11: {Catch-up/Reading ahead}

4/27-29 Week 12: Case Study – The Global Financial Crisis

Tooze, Adam. 2018. *Crashed: How a Decade of Financial Crises Changes the World*. New York, NY: Viking. Chapters 1-3, 6-8, 12-13.

5/4-6 Week 13: Case Study – The Eurozone Crisis

Frieden, Jeffrey, and Stefanie Walter. 2017. Understanding the Political Economy of the Eurozone Crisis. *Annual Review of Political Science* 20: 371-90. [MC]

Tooze, Adam. 2018. *Crashed: How a Decade of Financial Crises Changes the World*. New York, NY: Viking. Chapter 4 (Eurozone) and 14 (Greece 2010: Extend and Pretend).

Recommended:

Aliber, Robert Z., and Charles P. Kindleberger. 2015. *Manias, Panics, or Crashes*. New York, NY: Palgrave. Chapter 10 (Euromania and Eurocrash).

5/11-13 Week 14: The Political Aftermath of Crisis (*choose your own adventure*)

Required:

Funke, Manuel, Moritz Schularick, and Christoph Trebesch. 2016. Going to Extremes: Politics after Financial Crises, 1870–2014. *European Economic Review* 88: 227-260. [MC]

Pepinsky, Thomas B. 2012. The Global Economic Crisis and the Politics of Non-Transitions. *Government and Opposition* 47(2): 135-161. [MC]

And read at least one of the following:

Tooze, Adam. 2018. *Crashed: How a Decade of Financial Crises Changes the World*. New York, NY: Viking. Chapters 19 (American Gothic).

Tooze, Adam. 2018. *Crashed: How a Decade of Financial Crises Changes the World*. New York, NY: Viking. Chapters 23 (The Fear Projects).

Rosenberg, David. 2011. Food and the Arab Spring. *MERLA Journal* 15(3): 1-16. [MC] AND

Johnstone, Sarah, and Jeffrey Mazo. 2011. Global Warming and the Arab Spring. *Survival* 53(2): 11-17. [MC]

5/18 Week 15: Wrapping up (The Mess We're In)

Readings still tentative

Tooze, Adam. 2020. How the Coronavirus Almost Brought Down the Global Financial System. *The Guardian*, April 14. [MC]