

PLSC 380B: International Political Economy (Spring 2020)

Tue & Thu 2:50pm-4:15pm

Online Adaptation

Instructor: Prof. Katja B. Kleinberg

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Office hours: Ask me anything via Zoom Tue & Thu 1-2pm (link on MC) and by email/appointment

For 'Course Information' and 'Course Materials,' see the original version of the syllabus. This document outlines changes made to accommodate the move to online teaching as of March 17, 2020.

COURSE REQUIREMENTS

General Education Learning Objectives. This course fulfills a General Education requirement (N). Accordingly, students in this course will demonstrate: (1) knowledge of major concepts, models, and issues (and their interrelationships) of at least one of the social sciences: anthropology, economics, geography, history, political science, or sociology; and (2) an understanding of the methods used by social scientists to explore social phenomena, including, when appropriate to the discipline, observation, hypothesis development, measurement and data collection, experimentation, evaluation of evidence, and analysis by mathematics or other interpretive frameworks.

Successful participation in this course requires active participation in class, several short written assignments, in-class quizzes, and two exams.

For purposes of assigning a final grade, the following weighting factors will be applied **for work completed after March 19, 2020:**

Participation	20%
Written Assignments	25%
Quizzes	10%
Midterm Exam	25%
Final Exam	20%

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	64-69	F
91-94	A-	81-83	B-	71-73	C-	60-63	F
88-90	B+	78-80	C+	65-70	D		

Participation (20%). Participating in class discussions will now involve contributing responses on discussion boards set up for each week. Your participation grade will be based both on whether you contribute and the quality of your contributions. As before, this requires that you complete the readings and engage with the assigned materials – off-topic responses will count only if you have also contributed something related to the assigned reading.

Written Assignments (25%). There will be written assignments for each week. The details will be given the week before in updates to this syllabus, including deadlines. Some of these assignments will ask you to research the answer to a particular question. Others will ask you respond in no more than two

paragraphs to a question that arises out of the readings for a particular week. I will drop the lowest written assignment grade *for the semester*.

Quizzes (10%). There will be additional quizzes over the rest of the semester. They will focus on the **key terms** identified at the end of each chapter in the textbook. You will be tested on the chapters assigned for that week. Quizzes will be announced via MyCourses. You can take them anytime during the assigned day, but they will be timed. As mentioned previously, I will drop the lowest two quiz grades *for the semester*.

Final Exam (20%) The final exam will take place on May 7, 2020. I will provide details later in the semester.

COURSE POLICIES

Make-up exams. You are required to be present for all scheduled exams. Exams are announced well in advance and you are expected to plan accordingly. Make-up exams will be provided on a case-by-case basis and will be scheduled **once** at the discretion of the instructor.

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 prepared for class.
- Be considerate and professional in your communication with fellow students.

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.

A Note on Stress and Anxiety. In this time more than any other – **you are not alone. We are in this together.** 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 & ASSIGNMENTS (for rest of the semester)

March 24: The International Monetary System I

Materials:

Oatley, Chapter 10: focus on pages 207-217 (introduction and ‘The Economics of the International Monetary System’), *skim* pages 217-226 (‘The Rise and Fall of the Bretton Woods System’), read and think through ‘Policy Analysis and Debate: Why Should Adjust?’ (pages 226-227)

Peterson Institute for International Economics Podcast: Trade Talks Episode 95 (‘Is China a Currency Manipulator?’) [22:23 minutes]

Questions you should be able to answer after reading/listening (for your own understanding only):

What is an exchange rate? What is exchange rate stability and why is it desirable? What is the balance of payments? What is ‘currency manipulation’ and why would governments engage in it?

Discussion board questions {DUE 5pm on Tuesday, March 24}:

- (1) What (concepts, connections, arguments) in the Oatley chapter did you have trouble understanding?
- (2) What additional questions did the Oatley chapter raise for you?

Written assignment: {DUE 5pm on Wednesday, March 25}: Read through ‘Policy Analysis and Debate: Why Should Adjust?’ in Oatley. In writing, answer the following questions in no more than 300 words *total*:

- (1) What policies might the U.S. adopt to reduce its current account deficit with China? What would China have to do to eliminate its current account surplus?
- (2) In your opinion, who should adjust? Justify your choice.

March 26: The International Monetary System II

Materials:

Oatley, Chapter 12 *entire*

The Economist. “What is the impossible trinity?” [MC]

Questions you should be able to answer after reading (for your own understanding only):

What is monetary policy? What is fiscal policy? What are the tradeoffs described in the ‘unholy trinity’ (that is, what does a government have to give up to get ‘two out of three’)?

Written assignment {DUE 5pm on Thursday, March 26}: Re-read pages 270-276 (‘The Sectoral Model of Monetary and Exchange Rate Politics’) in Oatley. In writing, answer the following questions in no more than 300 words *total*:

- (1) For YOUR state (assigned at the beginning of the semester), think about the following: What type of exchange rate (exchange rate system and level of the exchange rate) would be preferred by the largest industry/employer in your state? Explain why.
- (2) Do you think your state’s position would be different from that of the U.S. as a whole? Justify your response.

March 31 & April 2: Financial Flows, Debt, and Economic Development

Materials:

Oatley, Chapter 14. Also reread Chapter 7, pages 139-142 and 152-155 only, to refresh your memory on ISI.

Questions you should be able to answer after reading (for your own understanding only):

Regarding foreign capital flows in general:

- Why/how is foreign capital important for economic development?
- What forms can inflows of foreign capital take?
- What are the advantages and disadvantages of different types of capital inflows for the recipient country (think especially about foreign bank loans)?

Regarding the Latin American experience:

- How did Latin American developing countries get so far into debt and why/when did the debt become a serious problem?
- Why was economic reform – when it became clearly necessary – *delayed* in many heavily indebted (ISI) countries?

Discussion board questions {DUE 5pm on Tuesday, March 31 for initial post; responses due Thursday, April 2, 5pm}:

- (1) **Required:** Think about all the things governments might do with borrowed foreign capital. Now consider the following question: *Is government debt necessarily a bad thing? Why/why not?*
- (2) **Optional:** What (concepts, connections, arguments) in the Oatley chapter did you have trouble understanding?
- (3) **Optional:** What additional questions did the Oatley chapter raise for you?

Written assignment {DUE 5pm on Thursday, April 2}: Reread pages 316-318 ('A Closer Look: The International Monetary Fund') and pages 320-321 ('Policy Analysis and Debate: IMF Conditionality'). In writing, answer the following question in no more than 300 words *total*:

- (1) The main purpose of the IMF is to preserve the stability of the international monetary *system*. In order to receive IMF assistance, governments must request it, *negotiate terms* with the IMF, and then comply with specific conditions. Do you think that some prospective recipient countries are in a stronger bargaining position than other countries when dealing with the IMF? Why/why not?

April 14 & 16: Financial Flows and Global Crises

Materials:

Oatley, Chapter 15 (skip pages 344-346 for now).

Questions you should be able to answer after reading:

- How did global capital flows change in the 1980s and 1990s? What precipitated those changes? (Be able to explain the term ‘hot money.’)
- What are the advantages and disadvantages of these changed capital flows for less developed countries? (Think a bit about the problems that *volatility* can bring.)
- What is the *capital flow cycle*? Identify two reasons why the US economy (and the US Dollar) play such a central role in it.
- What role do government regulations (or lack thereof) play in international capital flows and, specifically, in the *loans* that banks can take out and make to others?
- Many countries – including those involved in the Asian financial crisis – maintain an exchange rate that is tied (‘pegged’) to the US Dollar. Why is that and what consequences did it have when the crisis unfolded?
- What lessons did countries/governments outside the West learn from the Asian financial crisis and the IMF programs that resulted from it?

Discussion board questions {DUE 5pm on Tuesday, April 14}: Given that this week’s material is quite complex, let’s focus on clarification questions.

- (1) **Required:** What (concepts, connections, arguments) in the Oatley chapter did you have trouble understanding? Where would additional explanation/material be helpful to you?
- (2) **Optional:** What additional questions did the Oatley chapter raise for you?

Written assignment {DUE 5pm on Thursday, April 16}: In writing, answer the following question in no more than 300 words *total*:

- (1) One could argue that openness to foreign capital has been one of the reasons why many less developed countries have experienced such economic instability and relatively low economy growth since the 1990s. Do you think individual governments can and/or should consider limiting such capital flows? Why/why not?

April 21 & April 23: The Great Recession

Materials:

Oatley, Chapter 11 (pages 239-247 only) & Chapter 15 (pages 340-346).

NPR News/This American Life (2008). The Giant Pool of Money. (podcast, 58 minutes) [MC]

Washington Post, September 7, 2018. The Great Recession's Great Hangover. [MC]

Questions you should be able to answer after reading:

- What role did the consequences of the Asian financial crisis play in the Great Recession/global financial crisis of 2007-2009?
- What role did the US current account surplus/capital account deficit play in the Great Recession/global financial crisis of 2007-2009?
- What role did *moral hazard* play?

Discussion board questions: {DUE 5pm on Tuesday, April 21 for initial post; responses due Thursday, April 23, 5pm}:

- (1) **Required:** Reread the pages about the global capital flow cycle. Oatley notes that US decisions about monetary policy (interest rates) have effects far beyond the US economy. What is good for the US economy short-term might have immense negative effects worldwide. Given this, should the US government consider the international implications of its policies OR should it only focus on domestic economic and political goals?
- (2) **Optional:** What (concepts, connections, arguments) in the readings/materials did you have trouble understanding?
- (3) **Optional:** What additional questions did the readings/materials raise for you?

Written assignment {DUE 5pm on Thursday, April 23}: Many governments and societies rely on large amounts on borrowing to finance consumption, investment, and—especially right now—for crisis management. And where there is a borrower, there must be someone lending the capital. Reread 'Policy Analysis and Debate' on pages 341-341 ('Does China's Creditor Status Confer Power?') in Oatley. In writing, answer the following question in no more than 300 words *total*:

- (1) Should governments try to eliminate their debt to foreign investors (banks and governments) because this debt might be exploited for political purposes? Why/why not?

April 28 & April 30: Central Banks as National Actors and Global Crisis Managers

Materials:

Oatley, Chapter 13

Supplemental lecture notes [MC]

Questions you should be able to answer after reading the materials:

- Recap: What is monetary policy?
- What is a central bank?
- What is the Phillips Curve? How has its importance for monetary policy changed?
- What are time-inconsistent preferences and what consequence do they have for economy policy-making? Can you come up with additional examples of time-inconsistent preferences?
- What arguments can be made in favor of or against central bank independence?

Discussion board questions: {DUE 5pm on Tuesday, April 28} Given that this week's material is again quite complex, let's focus on clarification questions.

- (1) **Required:** What (concepts, connections, arguments) in the readings/materials did you have trouble understanding?
- (2) **Optional:** What additional questions did the readings/materials raise for you?

Written assignment: {DUE 5pm on Thursday, April 30}: Central bank independence is widely seen as a prerequisite for stable, consistent, and effective economic policy – mainly because it prevents governments from using the significant powers of the central bank (printing money, changing exchange rates, and manipulating the money supply) for short-term political gain. Others argue that such independence from elected representatives is profoundly anti-democratic. What arguments *other than those about credible commitments or democratic control* could one make *for or against* central bank independence? Outline one and explain why you find it convincing.

May 7: FINAL EXAM (Details TBA)