

# PLSC 486T: The Politics of Economic Crisis

Fall 2016

Fine Arts Building 352

Wednesdays 6–9pm

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Office hours: Tue & Thu 1 – 2:30pm  
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*. University of Chicago Press. ISBN: 9780226301266

Kindleberger, Charles L. 2013. *The World in Depression: 1929-1939*. 13<sup>th</sup> Edition. University of California Press. ISBN: 9780520275850

Lewis, Michael. 2012. *Boomerang: Travels in the New Third World*. W. W. Norton & Co. ISBN: 9780393343441

Atkinson, Anthony B. 2015. *Inequality: What Can Be Done?* Harvard University Press. ISBN: 9780674504769

Additional materials will include excerpts from edited volumes, scholarly articles, and media reports. They will be available on the course website on Blackboard. In the syllabus, they are marked as [BL]. The URL is <http://blackboard.binghamton.edu>.

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, several short written assignments, 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:

Participation	30%
Discussion questions	15%
Written assignments (in-class and homework)	15%
Research paper	40%

**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	60-64	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.

**Discussion questions (15%).** 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 Wednesday** (the day of the class meeting).

**Written assignments (15%).** There will be several short written assignments throughout the semester. Written assignments will be given either in-class or as homework. They will generally ask you respond in no more than two paragraphs to a question that arises out of the readings and /or in-class discussion for a particular week.

**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 data) is due on **Wednesday, September 28**.
- The final paper is due in class on **Wednesday, December 7** AND must be submitted through Turnitin on Blackboard by that time.

Detailed instructions for the research paper assignment will be provided during the second class meeting (September 7).

## **Course Policies**

**Classroom electronics.** The use of laptops, tablets, smartphones, and any other electronic devices is not permitted in this course. 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. All work submitted in this course must be original work. Sources must be properly cited. You may use any citation style of your choice, as long as it is used consistently throughout the paper. 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. You can find out more about the Honesty Code in the bulletin: <http://bulletin.binghamton.edu> (Click on Academic Policies and Procedures - All Students).

**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.

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### **SCHEDULE OF TOPICS & READINGS**

I reserve the right to add/change readings.

Any changes will be announced at least one week in advance through Blackboard.

#### **Week 1 (August 31): Setting the Stage**

\*COURSE SYLLABUS

\*Globalisation Backlash 2.0. *The Economist*, July 27, 2016.

\*Collateral Damage: The Impact of Free Trade. *The Economist*, July 30, 2016.

\*'Brexit' in America: A Warning Shot against Globalization. *New York Times*, June 25, 2016.

\*Gilpin, Robert. 1987. Excerpts from The Political Economy of International Relations. In: Goddard, C. R., P. Cronin, and K. Dash (Eds.). *International Political Economy*. Pages 9-24.

[BL]

## **Week 2 (September 7): International Political Economy**

\*Frieden, Jeffrey A., and Lisa L. Martin. 1992. International Political Economy: Global and Domestic Interactions. In: Katznelson, Ira, and Helen Milner (Eds.). *Political Science: The State of the Discipline II*. New York, NY: W&W Norton. [BL]

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

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

### **September 7 – Course drop/add deadline**

## **Week 3 (September 14): People, Society, Government – The Roots of Economic Crisis**

\*Goldgar, Anne. 2008. *Tulipmania*. University of Chicago Press.

\*Was Tulipmania Irrational? *The Economist*, October 4, 2013.

## **Week 4 (September 21): Economic Fundamentals**

\*Carmen M. Reinhart and Kenneth S. Rogoff. 2009. *This Time is Different*. Princeton: Princeton University Press. Preamble ("Some initial intuitions on financial fragility and the fickle nature of confidence") and Part I, Chapter 1 ('Varieties of crises and their dates'). [BL]

\*Rodrik, Dani. 2011. *The Globalization Paradox*. New York, NY: W. W. Norton. Pages 47-66. [BL]

\*Frieden, Jeffrey A. 1991. Invested Interests: The Politics of National Economic Policies in a World of Global Finance. *International Organization* 45(4): 425-51.

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

\*'Financial crises: The slumps that shaped modern finance', in: *The Economist*, April 12, 2014. Parts 3-5 (1825, 1857, and 1907). [PICK ONE CRISIS]

## **Week 5 (September 28): The Great Depression I**                      **\*Paper proposals due in class TODAY\***

\*Kindleberger, Charles L. 2013. *The World in Depression: 1929-1939*. 13<sup>th</sup> Edition. University of California Press.

\*'Financial crises: The slumps that shaped modern finance', in: *The Economist*, April 12, 2014 – section on 1929- 1933 ('The big one').

**Week 6 (October 5): The Great Depression II**

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

\* 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. [BL]

\* Tooze, Adam. 2006. *Wages of Destruction*. New York: Penguin. Pp. 1-36, 203-243. [BL]

**Week 7 (October 12) – No class: Yom Kippur**

**Week 8 (October 19) – No class meeting: Instructor at conference. *Written assignment TBA***

**Week 9 (October 26): Crises of Development and Adjustment**

\* Carmen M. Reinhart and Kenneth S. Rogoff. 2009. *This Time is Different*. Princeton: Princeton University Press. Part II, Chapter 4 ('A digression on the theoretical underpinnings of debt crises'). [BL]

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

**October 31 – Course withdraw (with "W")/change grade option deadline**

**Week 10 (November 2): The Great Recession I**

\* This American Life. 2008. The Giant Pool of Money. Available at:  
<http://www.thisamericanlife.org/radio-archives/episode/355/the-giant-pool-of-money>

\* See also: 'The Giant Pool of Money' Mortgage Crisis Follow-up (2009)  
<http://www.npr.org/templates/story/story.php?storyId=113195159>

\* Chinn, Menzie, and Jeffrey A. Frieden. *Lost Decades*. New York, NY: W. W. Norton. Chapters 5 [Bailout] & 6 [Economy in Shock] [BL]

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

**Week 11 (November 9): The Great Recession II & The Eurozone Crisis**

\* Lewis, Michael. 2011. *Boomerang: Travels in the Third World*. New York: Norton.

**Week 12 (November 16): 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.

**Week 13 (November 23) – No class: Thanksgiving Break**

**Week 14 (November 30): Inequality I**

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

\*Planet Money. 2016. Episode 715: The Sewing Robot. Available at: <http://www.npr.org/sections/money/2016/08/03/488611449/episode-715-the-sewing-robot>]

\*Additional reading TBA

**Week 15 (December 7): Inequality II & Concluding Discussion** \*Paper due in class TODAY \*

\*Atkinson, Anthony B. 2015. *Inequality: What Can Be Done?* Harvard University Press. Chapters 9 & 10.

\*Additional readings TBA

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**Additional Information**

**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, Phone: 607-777-2686 (voice/TTY), Fax 607-777-6893. Email: [bjfairba@binghamton.edu](mailto:bjfairba@binghamton.edu).

**General Education Learning Objectives.** This course fulfills two General Education requirements (N and W). Accordingly, students in this course will demonstrate: (N 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; (N 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; (W 1) an understanding of course content through formal academic writing; and (W 2) ability to construct effective prose that demonstrates critical thinking and advances sound conclusions, appropriate to the course and discipline.

**Credit Hours and Course Expectations.** This course is a 4-credit course, which means that students are expected to do at least 12.5 hours of course-related work or activity each week during the semester. This includes scheduled class lecture/discussion meeting times as well as time spent completing assigned readings, studying for tests and examinations, participating in lab sessions, preparing written assignments, and other course-related tasks.

**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, including:

Dean of Students Office:	607-777-2804
Decker Student Health Services Center:	607-777-2221
University Police: On campus emergency,	911
University Counseling Center:	607-777-2772
Interpersonal Violence Prevention:	607-777-3062
Harpur Advising:	607-777-6305
Office of International Student & Scholar Services:	607-777-2510