Duke University
Political Science 113
International Political Economy
Spring 2012
Lectures: MW 10:05 - 11:20 am, Biological Sciences, Room 130
course website at https://sakai.duke.edu/portal/site/ps113s2012
Prof. Tim Büthe
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office hours: after class + Wednesdays, 1:15 - 2:15pm

Purpose
PS 113 is a course in the politics of international economic relations. We address questions such as: Why do foreign economic policies diverge from the normative prescriptions of economic models? Who gains and who loses from trade openness? What are the causes and consequences of capital mobility? Why is the exchange rate of the Chinese currency an issue of global high politics? Whose rules govern global product and financial markets (and why)? What—if anything—differentiates "globalization" today from earlier periods of economic openness? Why do governments and private actors give humanitarian and development aid to foreign countries, and what are the consequences?

We ask what determines the distribution of costs and benefits in the world economy and examine the role of states, international and domestic institutions, and domestic or transnational actors, such as firms and NGOs, in creating and/or managing international economic conflict and cooperation. We focus on the politics of product markets (trade and a variety of barriers to trade) as well as the politics of money and finance, but we also examine foreign aid and the politics of development; the governance of the world economy through domestic, international, and transnational (private) laws and regulations; and the implications of the phenomenal recent changes in some developing countries—most importantly Brazil, China, and India—for the politics of international economic relations.

Requirements
The required readings and lectures for this course are complements, not substitutes. I also expect active participation in class, which includes the ability to listen to, and constructively engage with, your peers. Your grade will be based on a midterm exam (30%), final exam (50%), and class participation (20%). The exams will have an ID part, which will be closed book, and a take-home, open book essay part. You are welcome—and I encourage you—to form study groups, though each student's exam essays must be written individually.

Any student who wishes to substitute an original research paper of about 15 pages for the essay section of the final exam, may do so conditional on a proposal for such a paper submitted and approved before spring break. In this case, your grade will be based on: midterm (20%), ID section of the final (10%), class participation (20%), and research paper (50%). I especially encourage you to consider the research paper option if you are thinking about an honors thesis.

Readings
The four books below are available for purchase at the Duke Bookstore, since we use numerous selections from them (one copy of each of them is also on reserve at Perkins Library). Required readings that are not contained in these books are available online via Duke's electronic
journal holdings (indicated by "online" below), or they are on electronic reserves (e-res). Occasionally supplemental readings will usually be available via the course website (cws).


Required readings are listed below in 12-point font. In addition, I want you to follow the coverage of (the politics of) international economic relations in a major international newspaper, such as the *Financial Times*. Recommended readings are strictly optional and only listed to provide a starting point for students who might wish to follow up on material covered in lecture but not in the required readings. The course does not assume any prior knowledge in economics, but students with no prior exposure to economics at any level might find it useful to consult the chapter on the basics of "Supply and Demand" in Frederick S. Weaver's *Economic Literacy: Basic Economics with an Attitude* (Lanham, MD: Rowman & Littlefield, 2011; on e-reserves).

**Introduction** (Wed, Jan. 11)

No assigned readings.

**The Economics of International Trade: The Classics** (Wed, Jan. 18)


**Recommended**


**Monday, Jan. 16 (Martin Luther King Holiday): NO CLASS**

**The Politics of International Trade: The Classics** (Mon, Jan. 23)


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*If you are using a Mac, you may need to use a browser other than Safari to access e-reserves due to an incompatibility between Safari and the NetID authentication system used for e-reserves.*


Recommended

International Trade, States, and International Security (Wed, Jan. 25)


Recommended


International Trade and Domestic Politics (Mon, Jan. 30)


Frankel, Jeffrey A. "Globalization of the Economy." In Frieden, Lake, and Broz, 2010: 63-81.

+ supplementary materials on the US-Brazil trade dispute over cotton subsidies

Recommended


Developing Countries: A Different Economics of Trade? A Different Politics?  
(Wed, Feb. 1)


+ supplemental materials on (the stalemate of) the Doha Round

Recommended


Governing Global Trade: Cooperation and Collaboration through International Institutions?  (Mon, Feb. 6)


Recommended

Cooperation and Collaboration through International Institutions? (2)  
(Wed, Feb. 8)


Recommended
Rose, Andrew. "Do We Really Know That the WTO Increases Trade?" American Economic Review vol.94 no.1 (March 2004): 98-114.


Cooperation and Collaboration through Transnational Private Governance (1)  
(Mon, Feb. 13)

**Cooperation and Collaboration through Transnational Private Governance (2)**

*(Wed, Feb. 15)*


**Recommended**


**Regional Integration: Europe and Beyond** *(Mon, Feb. 20)*


**online** Kahler, Miles. "Weak Ties Don't Bind: Asia Needs Stronger Structures to Build Lasting Peace." *Global Asia* vol.6 no.2 (Summer 2011): 18-23.

+ supplemental materials on the European financial crisis

**Recommended**


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**Wednesday, Feb. 22: MIDTERM EXAM**

**The Future of Europe, the Euro, the EU: Discussion with Prof. Erhard Busek** *(SPECIAL SESSION: Tue, Feb.28, 11:30am - 12:30pm, in lieu of Mon, Feb.27)*

**Background readings TBA**

*Note: Dr. Erhard Busek is the former Vice Chancellor of Austria and has held numerous policy-making positions within the EU, including as Special Representative on EU-Enlargement, as Special Co-ordinator of the Stability Pact for South Eastern Europe, and as the President of the European Forum Alpbach (which you can think of as a European version of the Aspen Institute).*
**The Economics (and some History) of International Finance** (Wed, Feb. 29)


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**March 3-11: SPRING BREAK**

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**The Politics of International Monetary Relations:**

(Mon, Mar. 12 & Wed, Mar.14)

**S&H** Spero, Joan E. and Jeffrey A. Hart. "Governing the International Monetary System." In Spero and Hart, 2010: 12-63.


**FLB** Frieden, Jeffrey A. "Globalization and Exchange Rate Policy." In Frieden, Lake, and Broz, 2010: 286-296.


+ supplemental materials on China's currency

**Recommended**


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**Multinational Corporations and Foreign Direct Investment**

(Mon, Mar. 19 & Wed, Mar. 21)


supplemental readings on recent large-scale natural resource investments and foreign acquisitions/99-year leases of agricultural lands in Africa

Recommended

Financial Crises and the Regulation of Global Financial Markets  (Mon, Mar. 26)
S&H re-read section on 'Financial Crises of the 1990s' from "Financial Flows to Developing Countries" in Spero & Hart, 2010: 233-240.

Recommended

Transnational Private Regulation of Global Financial Markets  (Wed, Mar. 28)

+ supplemental materials about the role of ideas, personal values, and social norms
The Politics of Foreign Aid 1: Bilateral and Multilateral Aid (Mon, Apr. 9)


S&H re-read sections on foreign aid from "Financial Flows to Developing Countries" in Spero & Hart, 2010.


+ supplementary materials on aid (in)effectiveness (TBA)

The Politics of Foreign Aid 2: Private Foundations and NGOs (Wed, Apr. 11)


The Law, Economics, and Politics of Market Competition (Mon, Apr. 16)


Recommended


International Antitrust? Regulating Competition in Global Markets
(Wed, Apr. 18)


Recommended


Fox, Eleanor M. "In Search of a Competition Law Fit for Developing Countries." NYU Law & Economics Research Paper Series no.11-04 (February/July 2011)
A New Role for Developing Countries in Global Market Governance (Mon, Apr 23)

Recommended

OPTIONAL: Mon, Apr. 23 (time TBA): REVIEW SESSION

Prospects for Economic Openness and Global Governance (Wed, Apr 25)

Recommended