

POL 288: Governing the Global Economy in Times of Crisis

(Spring 2016)

Professor Craig Borowiak

Office Hours: MW 2:45 – 4:00pm

Office: Hall 214

Class period: MW 1-2:30

Classroom: Stokes 119

Description:

This course offers an examination of how the global economy is governed and how governance bodies have responded to and/or been complicit in crises and their aftermaths. We will examine the evolution of the global financial architecture over the 20th century. Critical attention will be paid to power asymmetries in the international system and their consequences. In the second half of the course we will focus on the 2008 global financial crisis, the subsequent debt crises, and shifts in how the current global economy is governed.

Classroom Etiquette and Protocols:

- Be respectful of other students, but understand that critique can also be a sign of respect. Do not be afraid to challenge other students and the professor, but do so respectfully.
- NO TEXT-MESSAGING in class.
- Any student who misses more than three weeks of class may face dismissal from the course
- All assignments must be completed to pass the course

Assignments:

- 1) Two thought essays (max 3 pages) about assigned readings (to be shared with the class), plus discussion initiating and discussion recapping for those two classes
- 2) One thought essay (max 3 pages) about current events and governing the global economy (to be shared with the class)
- 3) Three mid-term essays (approx. 5 pages each)
- 4) Final essay (15-20 pages)

Readings:

Students should subscribe to and regularly read *the Financial Times* (see Moodle for instructions)

The following books are (or will be) available at the Haverford Bookstore:

- Mark Blyth, *Austerity: The History of a Dangerous Idea*
- Daniel Drezner, *The System Worked: How the World Stopped Another Great Depression*
- Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System, 2nd ed.*
- David Harvey, *A Brief History of Neoliberalism*

Haverford College is committed to supporting the learning process for all students. Please contact me as soon as possible if you are having difficulties in the course. There are also many resources on campus available to you as a student, including the Office of Academic Resources (<https://www.haverford.edu/oar/>) and the Office of Access and Disability Services (<https://www.haverford.edu/access-and-disability-services/>). If you think you may need accommodations because of a disability, you should contact Access and Disability Services at hc-ads@haverford.edu. If you have already been approved to receive academic accommodations and would like to request accommodations in this course because of a disability, please meet with me privately at the beginning of the semester (ideally within the first two weeks) with your verification letter.

Schedule

(subject to change)

- W 20 Jan **Introduction and Overview: Some Political Economic Essentials**
- M 25 Jan **Some Theoretical Approaches to Global Political Economy**
Robert O'Brien & Marc Williams, *Global Political Economy*
- Chapter One: "Approaches to Global Political Economy," 9 – 29
 - Chapter Two: "Methods and Theories," 30 - 50
- John Ravenhill, "the Study of Global Political Economy," in John Ravenhill (ed). *Global Political Economy*, 4th edition (NY: Oxford Univ Press, 2014), 3-24
- Barry Gills (2001), "Forum: Perspectives on New Political Economy: Reorienting the New (International) Political Economy." *New Political Economy* 6, 2.
- Read pages 233- 238; 240- 242; 243-245
- Rorden Wilkinson, "Global Governance" in *Encyclopedia of Governance*
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PART I: The Evolution of the International Financial System

- W 27 Jan **Following The Yellow Brick Road: the International Gold Standard**
Robert O'Brien & Marc Williams, *Global Political Economy*
- Chapter 8: The Global Financial System
- Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System, Second edition*
- Chapter One: Introduction (1-6)
 - Chapter Two: The Gold Standard (7-43)
- Karl Polanyi, *The Great Transformation*
- Chapter 1 (3-20)
- M 1 Feb **The 1929 Crash and the Interwar Years**
Karl Polanyi, *The Great Transformation*, Chapter 2 (21-32)
- Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System, Second edition*
- Chapter Three: Interwar Instability (45-92)
- The Economist, "The Battle of Smoot-Hawley," Dec. 18, 2008
- John Kenneth Galbraith, *The Great Crash 1929*
- Chapter IX, "Causes and Consequences," 168-194

- W 3 Feb **Embedded Markets & The Keynesian Vision**
 Karl Polanyi, *The Great Transformation*, Chapter 6 (71-80)
 Readings by and about John Maynard Keynes (on Moodle)
- M 8 Feb **The Bretton Woods System**
 Ruggie, John G. 1982. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order"
 Barry Eichengreen, *Globalizing Capital*
 • Chapter Four: The Bretton Woods System (93-135)
 Eichengreen, "The Rise and Fall of the Bretton Woods System" (275-282)
- W 10 Feb **IMF – What is it?**
 Ngaire Woods. "A Short Introduction to the IMF and the World Bank"
 Vreeland, James R. 2006. *The International Monetary Fund: Politics of Conditional Lending*.
 • Chapter 1: What is the IMF (5-36)
 • Chapter 3: Why do governments participate in IMF programs? (50-72)
*****Essay 1 due in class*****
- M 15 Feb **IMF – Critical Perspectives**
 Joseph Stiglitz, "Globalization and the Logic of International Collective Action: Re-examining the Bretton Woods Institutions" in *Governing Globalization: Issues and Institutions*, Deepak Nayyar (ed.), 238-253
 Jan Aart Scholte, "Civil Society and the governance of global finance" in *Civil Society and Global Finance* (11-32)
 Film: Life and Debt
- W 17 Feb **Neoliberalism I**
 Barry Eichengreen, *Globalizing Capital*
 • Chapter Six: Conclusion (192-196)
 David Harvey, *A Brief History of Neoliberalism*, pages 1-63
- M 22 Feb **Neoliberalism II**
 David Harvey, *A Brief History of Neoliberalism*, pages 64-81, 87-119, 152-172

W 24 Feb

International Trade Regimes

Selected Readings on the GATT, WTO, TPP, TTIP

M 29 Feb

Global Capital and Governance Trilemmas

Brett Scott, *The Heretic's Guide to Global Finance: Hacking the Future of Money* (15-87)

Dani Rodrik: *The Globalization Paradox: Democracy and the Future of the World Economy*

- Chapter 9: The Political Trilemma of the World Economy (184-206)
- Chapter 10: Is Global Governance Feasible? Is it Desirable? (207-232)
- Chapter 6: Designing Capitalism 3.0 (233-250)

Dirk Schoenmaker, "Governance of International Banking: The Financial Trilemma", March 13, 2013. World Financial Review
<http://www.worldfinancialreview.com/?p=886>

N. Gregory Mankiw, "The Trilemma of International Finance," New York Times, July 10, 2010

W 2 Mar

Catch Up

*****Essay 2 due in class*****

4-13 March: Spring Break

PART I: The Evolution of the International Financial System

M 14 Mar

Understanding Financial Crises

John Ravenhill (ed). *Global Political Economy*, 4th edition (NY: Oxford Univ Press, 2014)

- Louis Pauly, "The Political Economy of Global Financial Crises," 198-222

Charles P. Kindleberger and Robert Aliber, *Manias, Panics, and Crashes: A History of Financial Crises*

- Chapter 1: Financial Crisis: A Hardy Perennial (1-23)
- Chapter 2: Anatomy of a Typical Crisis (24-37)
- Chapter 7: International Contagion (123-141)

Kindleberger, "the international (and interregional) aspects of financial crises" in Feldstein ed. *The Risk of Economic Crisis* (Chicago), 128-32)

"Five Steps of a Bubble," Investopedia, June 2 2010,

W 16 Mar

Asian Financial Crisis and the IMF

Accounts of the Crisis:

- Eichengreen, *Globalizing Capital* (186-191)
- Paul Krugman, *International Economics* (637-649)
- John Ravenhill, *Global Political Economy* (3rd ed.) (4-6)

Crash Timeline: <http://www.pbs.org/wgbh/pages/frontline/shows/crash/etc/cron.html>

Joseph Stiglitz, *Democracy and its Discontents*

- “The East Asia Crisis: How IMF Policies Brought the World to the Verge of a Global Meltdown”

Kenneth Rogoff, “An Open Letter to Joseph Stiglitz”

Momani and Helleiner, “Slipping into Obscurity? Crisis and Reform at the IMF”

M 21 Mar

The 2008 Financial Meltdown: How it Unfolded

Simon Johnson & James Kwak: *13 Bankers: The Wall Street Takeover and the Next Financial Meltdown*

- Chapter 1: “Thomas Jefferson & the Financial Aristocracy,” 14-38
- Chapter 7: “The American Oligarchy,” 189-222

This American Life, “A Giant Pool of Money” (audio file)

Andrew Lo, “Reading about the Financial Crisis: A 21-Book Review”

John Cassidy, “The Minsky Moment,” *The New Yorker*, February 4, 2008,

W 23 Mar

This Time is Different

Carmen Reinhart and Kenneth Rogoff, *This Time Is Different*

- Chapter 1 (1-20)
- Chapter 13 (203-222)
- Chapter 15 (240-247)
- Chapter 16 (248-273)

M 28 Mar

Structural Explanations

Business as usual: The Roots of the Global Financial Meltdown

- Craig Calhoun, “Series Introduction” 43-52
- David Harvey, “The Enigma of Capital and the Crisis This Time,” 89-112
- Caglar Keyder, “Crisis, Underconsumption, and Social Policy,” 159-184

W 30 Mar

Film Screening in Class

M 4 Apr

Critical Perspectives

The Deepening Crisis: Governance Challenges after Neoliberalism

- David Held and Kevin Young, "Crises in Parallel Worlds: The Governance of Global Risks in Finance, Security, and the Environment," 19-42
- Mary Kaldor, "War and Economic Crisis," 109-134

Aftermath: A New Global Economic Order?

- Saskia Sassen, "A Savage Sorting of Winners and Losers, and Beyond," 21-38

Vishwas Satgar, "The crisis of global capitalism and the solidarity economy alternative," in *The Solidarity Economy Alternative: Emerging Theory and Practice*. (read only 1-17)

W 6 Apr

Sovereign Debt Crises

Michael Lewis, *Boomerang: Travels in the New Third World*

- Chapter 2 (41-82)
- Chapter 4 (133-170)

The Deepening Crisis: Governance Challenges after Neoliberalism

- Vincent Della Sala, "A Less Close Union? The European Union's Search for Unity amid Crisis," 135-156

Dag H. Claes & Carl H. Knutsen (eds), *Governing the Global Economy: Politics, Institutions and Economic Development*

- Geoffrey Underhill, "Paved with good intentions: Global financial integration, the Eurozone, and the hellish road to the fabled gold standard" (110-130)

*****Essay 3 due in class*****

M 11 Apr

Austerity I

Mark Blyth, *Austerity: The History of a Dangerous Idea*

- Chapters 1-3, 7 (1-96, 229-244)

W 13 Apr

Austerity II

Mark Blyth, *Austerity: The History of a Dangerous Idea*

- Chapters 4-6, (97-103; *skim* 104-131; 132-228)

M 18 Apr

The System Worked I

Daniel Drezner, *The System Worked*

- Chapters 1-3 (1-76)

W 20 Apr

The System Worked II

Daniel Drezner, *The System Worked*

- Chapters 4-7 (77-192)

M 25 Apr

Modifying the Global Financial Architecture

Mathias Dewatripont, Jean-Charles Rochet, Jean Tirole: *Balancing the Banks: Global Lessons from the Financial Crisis*

- Chapter 3: The Future of Banking Regulation (by Jean-Charles Rochet), 78-106

The Deepening Crisis: Governance Challenges after Neoliberalism

- Vadim Volkov, "From Full to Selective Secrecy: The Offshore Realm after the Crisis," 203-220

Eric Helleiner, *The Status Quo Crisis: Global Financial Governance After the 2008 Meltdown* (NY: Oxford, 2014)

- Chapter 1 (1-24)
- Chapter 5 (129-164)

W 27 Apr

Last class. Catch up, Wrap up, Reflections

Hard copies of final paper due Friday, May 13, noon (for underclass students), Saturday, May 7, 5pm (for seniors)