

POL 288: Governing the Global Economy in Times of Crisis

(Spring 2018)

Professor Craig Borowiak

Office Hours: MW 2:45 – 4:00pm

Office: Hall 214

Class period: MW 12:45 – 2:15pm

Classroom: Hall 06

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 pay particular attention to 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) One thought essay (max 3 pages) about assigned readings (to be shared with the class), plus discussion initiating and discussion recapping for that class
- 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 (10-15 pages)

Readings:

Students are encouraged to subscribe to and regularly read *the Financial Times* and *The Economist*, both of which provide commentary on global economic governance. See Moodle for instructions on how to access these.

The following books are available at the Haverford Bookstore:

- 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)

M 22 Jan

Introductions

W 24 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

PART I: The Evolution of the International Financial System

M 29 Jan

Introducing the Global Financial System

Robert O'Brien & Marc Williams, *Global Political Economy*

- Chapter 8: The Global Financial System

Primer on the ins and outs of the financial sector (skim or read as needed)

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

Primer on the Mundell-Fleming Trilemma (skim or read as needed)

Wikipedia entry: "[The Impossible Trinity](#)"

Primer on Capital Controls (skim or read as needed)

Neely, Christopher J. 1999. [An Introduction to Capital Controls](#). Federal Reserve Bank of St. Louis Review 81 (6):13-30.

W 31 Jan

Following The Yellow Brick Road: the International Gold Standard

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)

M 5 Feb

The 1929 Crash and the Interwar Years

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

W 7 Feb

Embedded Markets & The Keynesian Vision

J.M. Keynes Readings:

- Selection from “The Worldly Philosophers”
- Selections from “Teachings of the Worldly Philosophers”
- The Objective of International Price Stability
- Proposals for an International Clearing Union (SKIM)
- Selections from The Economic Consequences of the Peace (SKIM)

M 12 Feb

The Bretton Woods System

“Embedded Liberalism” in *the Encyclopedia of International Relations and Global Politics*.

“Embedded Liberalism” in Wikipedia

Barry Eichengreen, *Globalizing Capital*

- Chapter Four: The Bretton Woods System (93-135)

Eichengreen, “The Rise and Fall of the Bretton Woods System” (275-282)

Optional Additional Reading

Ruggie, John G. “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order” (begin on page 385)

W 14 Feb

IMF – What is it?

Ngairé 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 19 Feb

Neoliberalism I

David Harvey, *A Brief History of Neoliberalism*, pages 1-63

Barry Eichengreen, *Globalizing Capital*

- Chapter Six: Conclusion (192-196)

W 21 Feb

Neoliberalism II

David Harvey, *A Brief History of Neoliberalism*, pages 64-81, 87-119, 152-172

M 26 Feb

International Trade Regimes

Ann Capling and Silke Trommer, “The Evolution of the Global Trade Regime” in Ravenhill, *Global Political Economy*, 87-115

Understanding the WTO (excerpts)

W 28 Feb **Case Studies in International Trade**
TBA: Selected Case Studies in International Trade

M 5 Mar **Globalization and The Political Trilemma of the World Economy**
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 11: Designing Capitalism 3.0 (233-250)

W 7 Mar **Catching up and Life & Debt**
Watch Film: Life & Debt

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

10 - 18 March: Spring Break

PART II: Governing Financial Crises

M 19 Mar **Understanding Financial Crises**
Louis Pauly, "The Political Economy of Global Financial Crises," in John Ravenhill (ed), *Global Political Economy*, 4th ed (NY: Oxford, 2014), 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 21 Mar **Asian Financial Crisis and the IMF**
Carmen Reinhart and Kenneth Rogoff, *This Time Is Different*

- Chapter 1 (1-20)

Accounts of the Crisis:

- Eichengreen, *Globalizing Capital* (186-191)
- Paul Krugman, *International Economics* (637-649)

Continued on next page...

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”

M 26 Mar

Lenders of Last Resort

Daniel McDowell, *Brother Can You Spare a Billion?* (Chapters 1, 2, 6)

W 28 Mar

Class visit by the Center for Career and Professional Advising

Watch Film: The Big Short (to be discussed on Apr 2)

M 2 Apr

The 2008 Financial Meltdown: How it Unfolded

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

- Introduction, 1-13
- Chapter 6: “Too Big to Fail,” 153-187

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

W 4 Apr

Fault Lines: Structural Explanations

Rajan, Raghuram G., 2010. *Fault Lines: How Hidden Fractures Still Threaten the World Economy*. Princeton: Princeton University Press.

- Introduction, Chapters 1-3 (pp 1-82)

M 9 Apr

Boomerangs and Sovereign Debt Crises

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

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

ActionAid (n.d.) “Where Does it Hurt? The Impact of the Financial Crisis on Developing Countries”

Cassidy, “China’s Long Minsky Moment”

W 11 Apr

The Eurozone Crisis continued (plus some larger historical context)

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

- Chapters 13 & 15

Jeffrey Frieden and Stefanie Walter, “Understanding the Political Economy of the Eurozone Crisis”

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

- M 16 Apr **Austerity Debates**
 Trichet, J.C. (2010) Stimulate no more – It is now time for all to tighten, *Financial Times* 22 July 2010.
 ***Mark Blyth, “The Austerity Delusion: Why a Bad Idea Won Over the West,”
Foreign Affairs. 92:3 (2013)
- Responses to Blyth**
 Jabko, N. (2013) The political appeal of austerity. *Comparative European Politics* 11 (6): 705–712.
 Peck, J. (2013) Austerity reason and the eschatology of neoliberalism’s end times. *Comparative European Politics* 11 (6): 713–721.
 Streeck, W. (2013) Will Expansion Work? On Mark Blyth, Austerity: The history of a dangerous idea. *Comparative European Politics* 11 (6): 722–728.
 Thompson, H. (2013) Austerity as ideology: the bait and switch of the banking crisis. *Comparative European Politics* 11 (6): 729–736.
 Mark Blyth, “Austerity as ideology: A reply to my critics, *Comparative European Politics*, November 2013, Volume 11, Issue 6, pp 737–751
- W 18 Apr **The System Worked I**
 Daniel Drezner, *The System Worked*
 • Chapters 1-3 (1-76)
- M 23 Apr **The System Worked II**
 Daniel Drezner, *The System Worked*
 • Chapters 4-7 (77-192)
- W 25 Apr **Shifts in the International Balance of Power**
 Jonathan Kirshner, *American Power after the Financial Crisis*
 • Chapter 6: The Crisis and World Politics
 • Chapter 7: The Crisis and the International Balance of Power
- M 30 Apr **Governing the Global Economy in the Era of Trump**
 Readings TBA
- W 2 May **Last class. Catch up, Wrap up, Reflections**

Hard copies of final paper due Friday, May 19, noon (for underclass students), Saturday, May 12, 5pm (for seniors)