

POL 288: Governing the Global Economy in Times of Crisis

(Spring 2020)

Tu/Th 1:00 – 2:30pm, Hall 006

Professor Craig Borowiak

Student/Office Hours: Tu 2:45 – 4:00pm (and by appointment)

Office: Hall 214

Description:

This course is intended to empower students to engage the political economic dimensions of the world (in all of its turmoil) by offering them a training in the fundamental political economic principles and histories of international trade and finance. The 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.

Course Aims

- Familiarity with the history and architecture of international trade and finance, including the gold standard, the Bretton Woods system, the IMF, and the World Trade Organization
- Understanding the relation between trade, currencies, capital flows, and national democracies
- Sophisticated understanding of the rise of the neoliberal era of political economy and its contrasts with earlier eras
- Understanding the causes and politics of financial crises generally and the policy options available to governments trying to cope with them
- Complex understanding (from a variety of perspectives) of the causes and consequences of the 2008 crisis, including its contagion effects around the world
- Familiarity with the politics of austerity and its human and political consequences
- Sufficient understanding of the mechanics of the global political economy to follow advanced news reporting and to develop own informed, critical perspectives on world events, including the politics of current trade and currency wars

E-mail policy

I will respond to all e-mail, but expect that it may sometimes take between 24-48 hours.

Devices in the classroom

Recent studies have shown that students tend to perform better and retain more information when laptops are not used in the classroom. Too often, I have found students distracted by their devices. I nonetheless understand that many students prefer to take notes on the computer and to read texts on-line rather than printing them out. Given these conflicting trends, I ask you to think carefully about whether it would be better to leave your laptop in your bag. If you feel you must use it to get the most out of the course, only use it for legitimate course-related reasons and in a manner that is not distracting for you or others. Please sit in a place where your computer won't be a distraction for people behind you. Cell phones have virtually no place in the classroom. Please mute them and leave them stored or in airplane mode.

Plagiarism

Cheating and plagiarism are offenses against academic integrity. Plagiarism is copying someone else's work and presenting it as your own without attributing it to its real source. There will be no exceptions for cases of cheating or plagiarism, and disciplinary action will be taken. If you have any questions about what constitutes plagiarism, please speak with me. It is assumed that you are familiar with Haverford's policies regarding plagiarism.

I am 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.

Access and Disability Accommodations

Haverford College is committed to providing equal access to students with a disability. If you have (or think you have) a learning difference or disability – including mental health, medical, or physical impairment – please contact the Office of Access and Disability Services (ADS) at hc-ads@haverford.edu. The Coordinator will confidentially discuss the process to establish reasonable accommodations.

Students who have already been approved to receive academic accommodations and want to use their accommodations in this course should share their verification letter and make arrangements to meet with me as soon as possible to discuss their accommodations. Please note that accommodations are not retroactive and require advance notice to implement. It is a state law in Pennsylvania that individuals must be given advance notice that they may be recorded. Therefore, any student who has a disability-related need to audio record this class must first be approved for this accommodation from the Coordinator of Access and Disability Services and then must speak to me. Other class members need to be aware that this class may be recorded.

Assignments:

1. Participation

○ Attendance and active engagement.

Your participation in class discussions is as important as your written work. Attendance is required. You are expected to come to class having done the reading and prepared to make quality, considered contributions. The quality of this course will depend on the effort **each** of us puts into it. If you tend to speak a lot, this may mean holding back. If you tend to remain quiet, this may mean speaking up. 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.

○ **Discussion Essay**

Each student will sign up to circulate a short essay (3pg max) responding to the assigned readings for one class period during the course of the semester. These should be written to stimulate discussion and should be submitted via Moodle the night before class. They should take a stance on the readings and be more than just a summary. On the day of their essay, students will also be **responsible for orally recapping the previous class period and orally offering their key points for that day's discussion**. Presentations should be limited to 5 minutes.

○ **Thought Essay on Current Events**

Each student will sign up for a class period to write, circulate, and orally present a short essay (3pg max) responding to a relevant current event of their choice. Efforts should be made to make connections to course topics. These should be submitted to Moodle the night before class. Presentations should be limited to 5 minutes.

2. Midterm Essays

There will be three short essays (approximately 5 pages each) assigned during the course of the semester. There will be prompts for these essays.

3. Final Paper

You will write one longer final paper (approximately 15 pages) on a topic of your own choosing (within the thematic parameters of the course). I will provide sample topics.

Evaluation (approximate)

Participation/Current Events /Discussion Essay	15%
Midterm Essays	55%
Final Paper	30%

All assignments must be completed to pass the course

Readings:

Students are encouraged to regularly read *the Financial Times* and *The Economist*, both of which regularly provide weekly/daily commentary on global economic governance mostly from a (neo)liberal perspective. See Moodle for instructions on how to access these. I have also posted on Moodle a list of blogs and podcasts on relevant topics from a greater variety of perspectives.

The following books are available at the Haverford Bookstore:

- Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System, 3rd ed.*
- David Harvey, *A Brief History of Neoliberalism*

Schedule

(subject to change)

Tu 21 Jan

Introductions

Th 23 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

Tu 28 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.

Th 30 Jan

Following The Yellow Brick Road: the International Gold Standard

Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System*

- Chapter One: Introduction (1-4)
- Chapter Two: The Gold Standard (5-40)

Tu 4 Feb

The 1929 Crash and the Interwar Years

Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System*,

- Chapter Three: Interwar Instability (41-85)

The Economist, "The Battle of Smoot-Hawley," Dec. 18, 2008

Th 6 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)

Tu 11 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 (86-126)

Barry Eichengreen, “The Rise and Fall of the Bretton Woods System”
(Moodle)

Optional Additional Reading

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

Th 13 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 Friday February 14, 5pm****

Tu 18 Feb

Neoliberalism I

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

Th 20 Feb

Neoliberalism II

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

Tu 25 Feb

International Trade Regimes

Ann Capling and Silke Trommer, “The Evolution of the Global Trade Regime” in Ravenhill, *Global Political Economy 5th ed.*, 87-115
Understanding the WTO (excerpts)

Th 27 Feb

Case Studies in International Trade

Skim through Chronological List of WTO cases and map (links on Moodle)

James McBride and Andrew Chatzky, “How are trade disputes resolved”
Moss and Bartlett: “Note on WTO Disputes: Five Major Cases”
WTO highlights of world trade 2018

Tu 3 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)

Th 5 Mar

Catch up and Recap

Watch “The Big Short” on your own between now and March 24

*****Essay 2 due Friday, March 6, 5pm *****

9 - 15 March: Spring Break

Tu 17 Mar

Trade in the Era of Trump

Read Moodle packet of journalistic commentary on Trump’s trade wars

PART II: Governing Financial Crises

Th 19 Mar

Understanding Financial Crises

“Five Steps of a Bubble,” Investopedia, June 2 2010
Louis Pauly, “The Political Economy of Global Financial Crises,” in John Ravenhill (ed), *Global Political Economy*, 4th ed (NY: Oxford, 2014), 198-222

Continued on next page...

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
“Financial Stability: Minsky’s Moment,” *The Economist*, July 30, 2016

Tu 24 Mar

Asian Financial Crisis and the IMF

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

- Chapter 1 (1-20)

Crash Timeline:

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

Accounts of the Crisis:

- Eichengreen, *Globalizing Capital* (181-187)
- Paul Krugman, *International Economics* (637-649)

Joseph Stiglitz, “The East Asia Crisis: How IMF Policies Brought the World to the Verge of a Global Meltdown” in *Democracy and its Discontents*

Kenneth Rogoff, “An Open Letter to Joseph Stiglitz”

Th 26 Mar

The 2008 Financial Meltdown: How it Unfolded

You should have watched *The Big Short* by now

The Economist (2013), “The Origins of the Financial Crisis: Crash Course”
Carmen Reinhart & Kenneth Rogoff, *This Time Is Different*: Chapter 13

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

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

Optional

Podcast: Interview with Bernanke, Geithner and Paulson: Crisis 10years later, NPR's Marketplace, aired March 2018:

<https://www.marketplace.org/shows/marketplace/bonus-bernanke-geithner-and-paulson-full-interview-8>

Tu 31 Mar

Fault Lines: Structural Explanations

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

- Introduction, Chapters 1-3 (pp 1-82, esp 1-67)

Th 2 Apr

Marxist Interpretations of the Crisis

Stephen Resnick and Richard Wolff, “The Economic Crisis: A Marxian Interpretation”

Jeffrey Sklansky, “Marxism In The Age Of Financial Crises: Why Conventional Economics Can’t Explain the Great Recession”, *new labor forum*, August 2012

John Bellamy Foster & Fred Magdoff, “The Great Financial Crisis—Three Years On,” *Monthly Review* 62(5). 2010.

Tu 7 Apr

Contagion

Carmen Reinhart & Kenneth Rogoff, *This Time Is Different*: Chapter 15

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

BBC News Timeline: The Unfolding Eurozone Crisis (June 13, 2012):

<http://www.bbc.com/news/business-13856580>

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

“What Asia Learned from Its Financial Crisis 20 years ago,” *The Economist*, July 1, 2017

Optional

Kathryn Dominguez and Linda Tesar, “The Euro Crisis,” RSQE Economic Outlook, 2012

Th 9 Apr

Class visit by the Center for Career and Professional Advising

Podcast: “Continental Breakup,” NPR’s This American Life episode 455, aired on January 20, 2012 (1 hour):

https://www.thisamericanlife.org/radio-archives/episode/455/continental-breakup_C1

Podcast: “A Hedge Fund, A Country, and a Big Sailboat,” NPR’s Planet Money Episode 689 (16 min)

<http://www.npr.org/sections/money/2016/03/11/470136949/episode-689-a-hedge-fund-a-country-and-abig-sailboat>

****Essay 3 due Friday, April 10, 5pm****

Tu 14 Apr

Austerity Debates

Trichet, J.C. (2010) Stimulate no more – It is now time for all to tighten, *Financial Times* 22 July 2010.
“Stimulus v Austerity: Sovereign Doubts,” *The Economist*, Sept 28, 2013
***Mark Blyth, “The Austerity Delusion: Why a Bad Idea Won Over the West,” *Foreign Affairs*. 92:3 (2013)

Criticisms (*Read to get thrust of basic arguments. Don't get lost in details*)

From *Comparative European Politics* 11:6 (2013):

N. Jabko, “The political appeal of austerity”

J. Peck, “Austere reason and the eschatology of neoliberalism’s end times”

W. Streeck, “Will Expansion Work? On Mark Blyth, *Austerity: The history of a dangerous idea*”

H. Thompson, “Austerity as ideology: the bait and switch of the banking crisis”

Mark Blyth, “Austerity as ideology: A reply to my critics”

Th 16 Apr **Special Joint Session with Visual Studies 208: the Effects of Austerity**
Readings TBA

Tu 21 Apr **The System Worked?**
Daniel Drezner, “The System Worked,” *World Politics* 66:1 (2014), 123-64
Bret Stephens, “The System Didn’t Work”
Daniel Drezner, “The populist revolt to ‘The System Worked’”

Th 23 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

Tu 28 Apr **Governing the Global Economy in the Era of Trump**
Readings TBA

Th 30 May **Last class. Catch up, Wrap up, Reflections**

Hard copies of final paper due Friday, May 15, noon (for underclass students), Saturday, May 9, 5pm (for seniors)