

PS 433G: International Political Economy

Dogus Aktan

Spring, 2024

Course Time and Location

T / TR

11:00 am - 12:15 pm

Chemistry-Physics Bldg Rm.103

Contact Information

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Office Hours: Friday 12-2pm

& by appointment

1 Course Description

This course presents and analyzes key issues in contemporary economy with regards to globalization and knowledge economy. It is designed to provide conceptual and analytical background to understand current issues in the global economy.

Although we will focus on the economy, this is not a course on economics. Instead, we will focus on analyzing the politics underpinning the contemporary global knowledge economy with a focus on distributional consequences.

The primary goal of this course is to provide the students with an analytical toolkit that will help them understand the current issues in the global economy and make students better consumers of information. Students who apply themselves in this course will be able to critically assess their own theoretical and political viewpoints as well as others'.

2 Course Objectives

Upon successfully completing this course, students should be able to:

- Be familiar with academic arguments explaining international trade and

finance, as well as their distributional consequences.

- Be rigorous consumers of academic research, who can evaluate theoretical arguments as well as empirical evidence on the interaction of politics and economics.
- Be able have a firm basis for analyzing distributional consequences of global economy on their own.
- Be sophisticated consumers and participants of policy debates around global economy.

3 Course Readings and Expectations

There are no required books to buy for this course. We will discuss a variety of readings from academic journals, excerpts from various textbooks, and the popular press. All readings will be made available on Canvas.

I don't assign a lot of readings but I expect you to do *all* of them *before* the class and be prepared to discuss them. I don't expect you to read every single word of every reading, but you should be able to extract key elements such as the author's goals, arguments, and the evidence they present.

I am aware some of the readings can be challenging at a first glance, particularly if they include methodologies you are not familiar with it. Don't be discouraged. The readings (both individual readings and the overall load) are chosen so the main arguments will be accessible to you. I will give you specific instructions (such as what sections to focus on) about each reading when necessary.

4 Class Format and Policy

The class format throughout will combine lecture and discussion, but the balance will hopefully shift from the former to the latter as the students gain familiarity with key perspectives and build confidence. While lectures are necessary, they are far from the best way to encourage and retain learning. Consequently, I expect students to come to class prepared and willing to engage with me, their classmates and the material.

Attendance is required and makes a significant portion of your participation grade. However, showing up to class is not sufficient to get a good participation grade and I expect active participation from all students. I understand some students might be too shy to speak up in the class even when they

are attentive and interested. For those students, I offer the option of a submitting an extra assignment to demonstrate their understanding of the material. Students willing to take this option must commit before the end of week 4.

5 Assignment and Exam Policy

All assignments and exams must be completed on time in order to pass this course. Make ups will only be granted under extraordinary circumstances such as documented and verified medical or family emergencies. All documentation corresponding to such emergencies should be forwarded to the professor. Personal reasons are insufficient excuses for making up missed assignments, exams, or quizzes.

All assignments must be submitted via Canvas. I do NOT accept assignments via e-mail.

I do not grade on a curve. Each student's work will be evaluated independently based on its quality. It is possible for every student in the class to get an A. However, getting such high marks will require hard work on your part.

If a student wishes to dispute their grade on an assignment, they must contact me within 48 hours of receiving their grade and set an appointment to discuss it. At this appointment they must bring a typed summary of the reasons why they believe the grade is unfair. I will then reevaluate the assignment on the basis of these reasons. All revised grades are final, and they may be lower than the original grade.

6 Evaluation and Grades

Your final grade is a weighted average of the following components:

- Class Participation: 20%
- Response Papers (2 Papers, 20 each): 40%
- Class Presentation: 10%
- Final Paper: 30%
- Optional Bonus Assignments

6.1 Grading Scale

The grading scale is:

- A 90-100
- B 80-89
- C 70-79
- D 60-69
- E Below 60

6.2 Response Papers

Students will prepare two response papers based on readings from a single week (e.g., “Political Economy and Security”). This paper will review and evaluate the arguments of readings and their contribution to our understanding of IOs. Papers should focus on student’s own ideas and perspective rather than be simple summaries of the readings. The papers should be 3 double-spaced pages in length. They will be assigned after Modules 2 and 3.

6.3 Class Presentation

Depending on the number of students, every student will have 2-3 presentations starting after module 1. These presentations will focus on initiating and leading class discussions around the session’s readings. Presentations can be done in groups or as individuals.

6.4 Final Paper

You are required to write a 5-6 page paper in this course. This paper will choose one of the questions posted on canvas during finals period. Students will be asked demonstrate a firm grasp of analytical tools covered in the class and their application in a given issue area.

6.5 Optional Bonus Assignments

Throughout the semester, there might be optional assignments. These assignments might come up in various ways. For example, there might be relevant current events that the syllabus could not have accounted for. Or, class discussions might come across interesting topics that we don’t get a chance to explore adequately. In these cases, I will come up with short assignments that are entirely voluntary. You will not get penalized for not doing them, but you will get bonus points if you choose to do them.

7 Policy on Student Questions

I am always happy to answer student questions during office hours or over e-mail. I will generally reply to e-mails within 24 hours but make sure you send your questions in a timely manner. Keep in mind that most questions you may have (about assignments, policies, etc. . .) can be answered by simply taking a close look at the syllabus. Every student should read the entire syllabus carefully at the beginning of the class and before sending me a question. When you have finished reading the syllabus for the first time, send me an e-mail, telling me what your favorite animal is.

8 Administrative Policies

8.1 Absences From Classes and Exams

An absence will be considered unexcused unless you give me documentation of the absence as defined by the University (Senate Rule 5.2.4.2). Senate Rules 5.2.4.2 defines the following as acceptable reasons for excused absences: (a) serious illness, (b) illness or death of family member, (c) University-related trips, (d) major religious holidays, and (e) other circumstances found to fit “reasonable cause for nonattendance” by the professor. According to SR 5.2.4.2, a student’s absence is excused for “Significant illness of the student or serious illness of a member of the student’s household (permanent or campus) or immediate family.” University Health Services (UHS) has prepared a statement about class attendance and student illnesses. The statement discusses public health and policy reasons why a sufficiently ill student ought to be absent from class and circumstances when a student need not make a visit to UHS. UHS has defined three levels of documentation. A Tier 2 or Tier 3 form is required for an excused absence; Tier 1 forms will not be accepted. Students must forward the email to the professor.

The University Senate has indicated that excused absences for in-person participation include quarantine and other recommended/required absences by a medical, public-health, or government officials. Nonattendance will not be penalized during unscheduled university closings. Per Senate Rule 5.2.4.2, students missing any graded work due to an excused absence are responsible for informing the professor about their excused absence within one week following the period of the excused absence (except where prior notification is required) and, for making up the missed work. Senate Rules state that advance notice is required in three circumstances:

- Absence for a major religious holiday requires advance written notifica-

tion. Students anticipating an absence for a major religious holiday are responsible for notifying the professor in writing of anticipated absences due to their observance of such holidays no later than the last day in the semester to add a class. Two weeks prior to the absence is reasonable, but should not be given any later. Information regarding major religious holidays may be obtained through the Ombud (859-257- 3737), http://www.uky.edu/Ombud/ForStudents_ExcusedAbsences.php

- Trips for members of student organizations sponsored by an educational unit, trips for University classes, and trips for participation in intercollegiate athletic events, when advance notice is feasible, require advance written notification. If advance notice is not feasible, the student must provide adequate notification and documentation within one week after the student's return to class.
- Interviews for full-time job opportunities post-graduation and interviews for graduate or professional school require advance notice.

These absences will be accommodated in a way that does not arbitrarily penalize students who have a valid excuse. Makeup exams will be allowed in the case of an extraordinary circumstance if accompanied by sufficient documentation within two days after the exam. More information on academic policies can be found at: <https://www.uky.edu/universitysenate/acadpolicy>

8.2 Class Recording Notification

The University of Kentucky Student Code of Conduct defines Invasion of Privacy as using electronic or other devices to make a photographic, audio, or video record of any person without their prior knowledge or consent when such a recording is likely to cause injury or distress. Meetings of this course may be recorded. All video and audio recordings of lectures and class meetings, provided by the instructors, are for educational use by students in this class only. They are available only through the Canvas shell for this course and are not to be copied, shared, or redistributed.

As addressed in the Student Code of Conduct, students are expected to follow appropriate university policies and maintain the security of linkblue accounts used to access recorded class materials. Recordings may not be reproduced, shared with those not enrolled in the class, or uploaded to other online environments.

If the instructor or a University of Kentucky office plans any other uses for the recordings, beyond this class, students identifiable in the recordings will be notified to request consent prior to such use. In anticipation of such cases,

students may be asked to complete an “authorization of use” form by a faculty member.

Video and audio recordings by students are not permitted during the class unless the student has received prior permission from the instructor. Any sharing, distribution, and or uploading of these recordings outside of the parameters of the class is prohibited. Students with specific recording accommodations approved by the Disability Resource Center should present their official documentation to the instructor.

All content for this course, including handouts, assignments, and PowerPoint lectures are the intellectual property of the instructor and cannot be reproduced or sold without prior permission from the instructors. A student may use the material for reasonable educational and professional purposes extending beyond this class, such as studying for a comprehensive or qualifying examination in a degree program, preparing for a professional or certification examination, or to assist in fulfilling responsibilities at a job or internship.

8.3 Academic Integrity

Cheating and plagiarism will not be tolerated. You are encouraged to review the University’s policies regarding academic honesty, outlined in the University Senate Rules (6.3.1 & 6.3.2). The Ombud site also has information on plagiarism, which are available at: http://www.uky.edu/Ombud/ForStudents_AcademicIntegrity.php. Be sure to familiarize yourself with UK’s plagiarism policy. Not only will plagiarism of other work result in an automatic zero, but self-plagiarism, including multiple submissions of the same paper to different courses, will also result in an automatic zero.

8.4 Library Services

You can get personalized or group research assistance from reference librarians at Young Library. The Political Science Librarian is Taylor Leigh (taylor.c.leigh@uky.edu). Taylor can help you:

- Find sources for research projects .
- Identify and evaluate different kinds of sources.
- Navigate databases and the library catalog effectively.
- Perform a literature review
- Brainstorm keywords and subject terms

Taylor also maintains the Political Science Research Guide (<https://libguides.uky.edu/c.php?g=222933&p=1476312>), which is full of useful resources to help you in this class. Please contact Taylor directly with any questions regarding the library or research assistance.

8.5 Americans with Disabilities Act

Students with disabilities needing academic accommodation should: (1) register with and provide documentation to the Disability Resource Center; and (2) bring a letter to the instructor indicating the need for accommodation and what type. This should be done during the first week of class. Disability Resource Center

University of Kentucky

725 Rose Street

Multidisciplinary Science Building

Suite 407 Lexington,

KY 40536-0082

(859) 257-2754

<http://www.uky.edu/StudentAffairs/DisabilityResourceCenter/>

8.6 Diversity, Equity, and Inclusion

The University of Kentucky is committed to our core values of diversity and inclusion, mutual respect and human dignity, and a sense of community (Governing Regulations XIV). We acknowledge and respect the seen and unseen diverse identities and experiences of all members of the university community <https://www.uky.edu/regs/gr14>. These identities include but are not limited to those based on race, ethnicity, gender identity and expressions, ideas and perspectives, religious and cultural beliefs, sexual orientation, national origin, age, ability, and socioeconomic status. We are committed to equity and justice and providing a learning and engaging community in which every member is engaged, heard, and valued.

We strive to rectify and change behavior that is inconsistent with our principles and commitment to diversity, equity, and inclusion. If students encounter such behavior in a course, they are encouraged to speak with the instructor of record and/or the Office of Institutional Equity and Equal Opportunity. Students may also contact a faculty member within the department, program director, the director of undergraduate or graduate studies, the department chair, any college administrator, or the dean. All of these individuals are mandatory reporters under University policies.

For information on non-discrimination and Title IX policy, please visit:

<https://www.uky.edu/universitysenate/acadpolicy>

8.7 Resources Available to Students

The University offers many resources for students, ranging from computer access to counseling services. More information on these services can be found at:
<https://www.uky.edu/universitysenate/student-resources>

9 Class Schedule

Module 1: Introduction and Analytical Toolkit

Week 1: Logistic and Overview

- **January 9:** Introduction, Overview, Logistics
- **January 11:** Overview of IPE
 - Jeffrey A. Frieden, and Lisa L. Martin. “International Political Economy: The State of the Sub-Discipline.” in *Political Science: The State of the Discipline*

Week 2: Analytical Toolkit

- **January 16:**
 - Core ECON Unit 5: Institutions and Power
- **January 18:**
 - Bruce Bueno de Mesquita, *Principles of International Politics* (Introduction)

Key Elements of International Political Economy

Week 3: Cooperation and Competition in International Trade

- **January 23:**
 - Paul Krugman, “What Do Undergrads Need to Know About Trade?”, *The American Economic Review*
 - Donald G. Richards, “What Do Progressives Need to Know About Trade? Some observations on the competitiveness debate” , *International Review of Applied Economics*
- **January 25:**
 - Ha-Joon Chang, “Once Industrialized, Preach Free Trade”, *South Bulletin*
 - Alan V. Deardorff and Robert M. Stern, “What You Should Know About Globalization and the World Trade Organization”, *Review of International Economics*

Week 4: Domestic Politics and International Trade

- **January 30:**

- Thomas Oatley, “Open economy politics and trade policy”, *Review of International Political Economy*
- Helen V. Milner and Keiko Kubota, “Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries”, *International Organization*

- **February 1:**

- Rho Sungmin and Michael Tomz, “Why don’t trade preferences reflect economic self interest?” *International Organization*
- Margalit Yotam, “Costly Jobs: Trade-Related Layoffs, Government Compensation, and Voting in U.S. Elections.” *American Political Science Review*

Week 5: Effects of Economic Interdependence

- **February 6:**

- Ethan B. Kapstein, “Winners and Losers in the Global Economy”, *International Organization*
- Daniel Drezner, “Globalization and Policy Convergence”, *International Studies Review*

- **February 8:**

- John Zysman, “The myth of a ‘Global’ economy: Enduring national foundations and emerging regional realities”, *New Political Economy*
- Layna Mosley et al. “Trade-Based Diffusion of Labor Rights: A Panel Study, 1986-2002.” *American Political Science Review*

Week 6: International Monetary System

- **February 13:**

- Thomas Oatley, “Chapter 10: International Monetary System” in *International Political Economy*
- Maurice Obstfeld, “Two Trilemmas for Two Trilemmas for Monetary Policy”,
<https://www.imf.org/en/News/Articles/2017/07/24/sp072417-two-trilemmas-for-monetary-policy>

- **February 15:**

- Aaron Major, “The fall and rise of financial capital”, *Review of International Political Economy*
- Benjamin Cohen, “Phoenix Risen: The Resurrection of Global Finance”, *World Politics*

Week 7: Politics of Money and Finance

- **February 20:**

- Richard Deeg and Mary A. O’Sullivan, “The Political Economy of Global Finance Capital”, *Review of International Political Economy*
- Carla Norrlof, “Dollar Hegemony”, *World Politics*

- **February 22:**

- Gerald Epstein and Juan Antonio Montecino “Overcharged: High Costs of Finance”, *Roosevelt Institute*
- Simon Johnson, “The Quiet Coup”, *Atlantic Monthly*

Module 3: IPE in Specific Issue Areas

Week 8: Development and Growth

- **February 27:**

- Daron Acemoglu et al, “The Colonial Origins of Comparative Development: An Empirical Investigation”, *American Economic Review*
- Alan Winters, “Trade Liberalisation and Economic Performance: An Overview” , *The Economic Journal*

- **February 29:**

- Stephen Haber and Victor Menaldo “Do Natural Resources Fuel Authoritarianism? A Reappraisal of the Resource Curse”, *American Political Science Review*
- Coralie Reslinger, “Is there an Asian model of technological emergence?” , *Socio-Economic Review*

Week 9: International Political Economy and Security

- **March 5:**

- Erik Gartzke, “Capitalist Peace”, *American Journal of Political Science*
- Stephen G. Brooks, “Economic Actors’ Lobbying Influence on the Prospects for War and Peace.” *International Organization*

- **March 7:**

- Robert S. Ross, “On the fungibility of economic power: China’s economic rise and the East Asian security order.” *European Journal of International Relations*
- Henry Farrel and Abraham L. Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion.” *International Security*

Week 10: Brief Respite

- **March 12:** No class, spring break
- **March 14:** No class, spring break

Week 11: The Political Economy of Migration

- **March 19:**

- Margaret E. Peters, “Trade, Foreign Direct Investment, and Immigration Policy Making in the United States.” *International Organization*
- Jens Hainmueller and Daniel J. Hopkins, “Public Attitudes Toward Immigration”, *Annual Review of Political Science*

- **March 21:**

- David Leblang, “Familiarity Breeds Investment: Diaspora Networks and International Investment”, *American Political Science Review*
- Faisal Z. Ahmed, “The Perils of Unearned Foreign Income: Aid, Remittances, and Government Survival”, *American Political Science Review*

Week 12: The Political Economy of the Environment

- **March 26:**

- Thomas Bernauer, “Climate Change Politics”, *Annual Review of Political Science*

- **March 28:**

- Amanda Kennard “The Enemy of My Enemy: When Firms Support Climate Change Regulation.” *International Organization*
- Xinyuan Dai, “Why Comply? The Domestic Constituency Mechanism.” *International Organization*

Week 13: Foreign Investment and Foreign Aid

- **April 2:**

- Nathan Jensen, “Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment.” *International Organization*
- Leslie Johns, Rachel Wellhausen, “Under One Roof: Supply Chains and the Protection of Foreign Investment” *American Political Science Review*

- **April 4:**

- Bruce Bueno de Mesquita and Alastair Smith, “A Political Economy of Aid”, *International Organization*
- Joseph Wright and Matthew Winters, “The Politics of Effective Foreign Aid”, *Annual Review of Political Science*

Week 14: Political Economy of Inequality

- **April 9:**

- Lane Kenworthy and Jonas Pontusson, “Rising Inequality and the Politics of Redistribution in Affluent Countries”, *Perspectives on Politics*

- **April 11:**

- Torben Iversen and Anne Wren “Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy”, *World Politics*

Module 4: Wrapping Up: Synthesis and Conclusion

Week 15: Achievements and Challenges of Global Economy

- **April 17:**

- James O’Toole and David Vogel, “Two and a Half Cheers for Conscious Capitalism” , *California Review Management*

- **April 19:**

- Thomas Oatley, “The Achievements of and Challenge to the Global Capitalist Economy” in *International Political Economy*

Week 16

- **April 24:** Things that could (should) have been in the syllabus:
 - Readings TBD
- **April 26:** Overview and Final Paper Workshop