

POLITICAL ECONOMY

NYU Dept. of Politics
Course No. G531400, Fall 2004
Tuesday, 6:20-8:20pm
726 Broadway

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Office Hours: Room 716 before/after class, by appointment

This course is a graduate colloquium introducing the theories and concepts of political economy. Through a combination of lectures and discussions, the course explores the central theoretical perspectives, debates, and findings in political economy. Coverage does not include every issue and approach, but it addresses many of the core problems and perspectives animating comparative and international political economy. Students can expect to develop a sufficient understanding of the field to prepare for further study and specialization.

The course relies heavily on the required books (listed below) and the supplemental packet of articles (to be distributed). Each assigned reading should be read carefully.

- 10%: Weekly Attendance and Participation. Preparing for and contributing in class is mandatory for the successful completion of this course and I will not be lenient with this requirement.
- 40%: Two Critical Reviews (20% each). Write two, 5-7 page essays analyzing and critiquing a week's readings. Do not unnecessarily summarize; reviews are to be sophisticated judgments on the research and arguments presented in that week's readings. The reviews are due at your discretion throughout the semester, by the *Monday* before that Tuesday's class, no later than *5pm*. Please email the reviews to me at akingsley@ambac.com or allison.kingsley@nyu.edu.
- 50%: Take-Home Essay Exam. A final, take-home essay exam makes up the remaining 50% of your grade. For the exam, you will be able to use readings and notes from the course and draw upon any external materials you deem relevant. I will hand out the exam on Tuesday, November 30th, and it will be due on *Friday, December 17th by noon*. I look unfavorably upon extensions and you should not anticipate receiving deadline flexibility from me. Please email your exam to me at akingsley@ambac.com or allison.kingsley@nyu.edu.

There will be no class on Tuesday, September 14th. Due to the University calendar, there will be no class on Tuesday, December 14th. The last class of the semester is Tuesday, December 7th.

Required Books:

1. Robert Gilpin. *Global Political Economy: Understanding the International Economic Order* (Princeton University Press, 2001).
2. Jeffrey Frieden & David Lake. *International Political Economy: Perspectives on Global Power and Wealth* (4th edition, St. Martins, 2000).
3. F. A. Hayek. *The Road to Serfdom*. (The University of Chicago Press, 1944, republished 1994).
4. Charles Cameron. *Veto Bargaining* (Cambridge University Press, 2000).
5. Walter Mattli. *The Logic of Regional Integration: Europe and Beyond* (Cambridge University Press, 1999).
6. Dani Rodrik (editor), *In Search of Prosperity: Analytic Narratives on Economic Growth* (Princeton University Press, 2003).
7. Joseph Stiglitz. *Globalization and Its Discontents* (Norton, 2003).
8. Martin Wolf. *Why Globalization Works* (Yale University Press, 2004).
9. Supplemental Reading Packet. [Denoted by * after assigned reading.]

Week 1: Introduction to Political Economy and Social Science

No Class on September 14th.

Week 2: Methodology and Research Design

“Symposium on Qualitative-Quantitative Disputation,” *APSR*. Vol. 89 (June 1995), No. 2. pp. 454-81. *

Stephen J. Dubner, “The Probability That a Real-Estate Agent Is Cheating You (and Other Riddles of Modern Life),” *New York Times*, August 3, 2003. *

Economist articles. *

Week 3: Theories of Political Economy I

Robert Gilpin, *Global Political Economy*.

Chapter 1: “The New Global Economic Order”

Chapter 2: “The Nature of Political Economy”

Chapter 3: “The Neoclassical Conception of the Economy”

Chapter 4: “The Study of International Political Economy”

Jeffrey A. Frieden and David A. Lake, *International Political Economy*.

Introduction: “International Politics and International Economics,” p. 1-17.

Stephen Walt, “International Relations: One World, Many Theories,” 1998. *

Week 4: Theories of Political Economy II

Robert Gilpin, *Global Political Economy*.

Chapter 5: “New Economic Theories”

Chapter 6: “The Political Significance of the New Economic Theories”

Chapter 7: “National Systems of Political Economy”

Chapter 15: “Governing the Global Economy”

F. A. Hayek, *The Road to Serfdom*.

Jeffrey A. Frieden and David A. Lake, *International Political Economy*.

Chapter 1: Stephen Krasner. “State Power and the Structure of International Trade,” *World Politics*, 28, 3 (April 1976).

Week 5: Trade

Robert Gilpin, *Global Political Economy*

Chapter 8: “The Trading System,” pp. 196-233.

Jeffrey A. Frieden and David A. Lake, *International Political Economy*.

Chapter 19: Cletus C. Coughlin, K. Alec Chrystal, and Geoffrey E. Wood. "Protectionist Trade Policies: A Survey of Theory, Evidence, and Rationale," Federal Reserve Bank of St. Louis.

Chapter 20: Ronald Rogowski. "Commerce and Coalitions: How Trade Affects Domestic Political Alignments," *Commerce and Coalitions*, Princeton University Press, 1989.

Chapter 21: James E. Alt and Michael Gilligan. "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions," *Journal of Political Philosophy*, Vol. 2, No. 2 (1994), pp. 165-192.

Helen Milner, "The Political Economy of International Trade," *Annual Review of Political Science* 2 (1998): 91-114. *

Economist articles. *

Week 6: Monetary and Financial Systems

Robert Gilpin, *Global Political Economy*
Chapter 9: The International Monetary System

Jeffrey A. Frieden and David A. Lake, *International Political Economy*.

Chapter 14: Barry Eichengreen. "Hegemonic Stability Theories of the International Monetary System," in *Can Nations Agree? Issues in International Economic Cooperation*, Washington: The Brookings Institutions, 1989, pp. 255-298.

Chapter 15: Benjamin J. Cohen, "The Triad and the Unholy Trinity: Problems of International Monetary Cooperation," From Ricard Higgott, Richard Leaver, and John Ravenhill, eds. *Pacific Economic Relations in the 1990s: Cooperation or Conflict?* Allen & Unwin, 1993, p. 133-158.

Chapter 16: Jeffrey Frieden. "Exchange Rate Politics," *Review of International Political Economy*, Vol. 1, No. 1 (1994), pp. 81-98.

Chapter 18: John B. Goodman and Louis W. Pauly. "The Obsolescence of Capital Controls? Economic Management in and Age of Global Markets," *World Politics*, Vol. 46, No. 1 (1993), pp. 50-82.

Economist articles. *

Week 7: Regional Integration

Walter Mattli. *The Logic of Regional Integration*. Chapters 1, 2, 3, and 6.

Robert Gilpin, *Global Political Economy*
Chapter 13: The Political Economy of Regional Integration

Jeffrey A. Frieden and David A. Lake, *International Political Economy*.

Chapter 17: Charles Wyplosz. "EMU: Why and How It Might Happen," *The Journal of Economic Perspectives*, Vol. 11, No. 4 (Fall 1997), pp. 3-22.

Chapter 24: Ronald W. Cox. "Explaining Business Support for Regional Trade Agreements."

Economist articles. *

Week 8: Multinationals and International Institutions

Joseph Stiglitz, *Globalization and Its Discontents* (select chapters).

Robert Gilpin, *Global Political Economy*

Chapter 11: The State and Multinationals

Jeffrey A. Frieden and David A. Lake, *International Political Economy*.

Chapter 4: Susan Strange. "States, Firms, and Diplomacy," *International Affairs*, London, Vol. 68, No. 1 (January 1992), pp. 1-15.

Chapter 9: Richard E. Caves. "The Multinational Enterprise as an Economic Organization," in *The Multinational Enterprise and Economic Analysis*, Cambridge University Press: 2nd edition, 1996.

Chapter 10: Shah M. Tarzi. "Third World Governments and Multinational Corporations: Dynamics of Host's Bargaining Power," *International Relations*, vol. X, no. 3 (May 1991), pp. 237-249.

Allan H. Meltzer, "A Report of the International Financial Institution Advisory Commission: Comments on the Critics" in C. Gilbert, J. Rollo, and D. Vines, editors, *Reforming the Architecture of Global Financial Institutions* (Cambridge, UK: Cambridge University Press, 2001). Available electronically via: <http://www.gsia.cmu.edu/afs/andrew/gsia/meltzer/Spanshedition3.doc> *

Economist articles. *

Week 9: Domestic Institutions and Investment

Allison Fine. "Dealing Away Risk in Foreign Infrastructure Investment," *Journal of Structured and Project Finance*, Vol. 9, No.2, pp. 53-64. *

Witold J. Henisz and Bennet A. Zelner, "Legitimacy, Interest Group Pressures and Change in Emergent Institutions: The Case of Foreign Investors and Host Country Governments," forthcoming in *American Management Review*. *

Charles Cameron. *Veto Bargaining* (select chapters).

Economist articles. *

Week 10: Development I

"Yali's Question," in Jared Diamond, *Guns, Germs, and Steel: The Fates of Human Societies*. W. W. Norton & Co: London, 1999. p. 13-32. *

Robert Gilpin, *Global Political Economy*
Chapter 12: The State and Economic Development

Jeffrey A. Frieden and David A. Lake, *International Political Economy*.
Chapter 25: Joseph E. Stiglitz and Lyn Squire. "International Development: Is It Possible?"
Foreign Policy No. 110 (1998), pp. 138-151.

Chapter 26: Robin Broad, John Cavanagh, and Walden Bello. "Development: The Market is Not Enough," *Foreign Policy* No. 81 (Winter 1990-1991).

Economist articles. *

Week 11: Development II

Dani Rodrik (editor), *In Search of Prosperity: Analytic Narratives on Economic Growth* (select chapters).

William Easterly, *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. MIT Press, 2001. (select chapters).

Economist articles. *

Week 12: Globalization

Martin Wolf. *Why Globalization Works*.

Robert Gilpin, *Global Political Economy*
Chapter 14: The Nation State in the Global Economy

Economist articles. *