THE POLITICAL ECONOMY OF NORTH-SOUTH RELATIONS

The purpose of this course is to provide a broad survey of the policy debates between the wealthy and low-income countries as well as an assessment of the proposals for restructuring the international economic system. It is designed to explore the politized world of international negotiations and compare them with the policy recommendations from development economists. Graduate students in both politics and economics should thus be able to explore the inter-relationship between theory and practice in an arena of current controversy.

There is a substantial amount of reading necessary; and, since much of this is in recent articles, there is no single text for the course. The course will be taught, to the maximum extent possible, in seminar fashion, so you must do the reading BEFORE COMING TO CLASS.

We will be covering a broad range of controversial topics which involve an intricate blend of technical and ideological questions. There are also obvious moral considerations in several of the topics. Given the breadth of legitimate approaches to the North-South dialogue, this course will not focus on any “agreed perspective” and the course is designed to encourage a lively interchange of views.

Requirements:

A) Reading: Assignments are on the attached list.

B) Papers: There will be no required paper, though, if you want to do an optional paper, it is due on November 22. It will substitute for the grade on the mid-term exam.

C) Exams: There will be a Mid-term Exam on October 25 and a Final Exam in Exam Period.

D) Class Participation: Each student will be expected to participate fully in class discussion.

E) Grading: Mid-Term Exam 30%, Class Participation 20%, Final Exam 50%
THE POLITICAL ECONOMY OF NORTH-SOUTH RELATIONS

I. Orienting Concepts
Sept. 06

T. Kuhn The Structure for Scientific Revolutions, Chap. I, V, XII


D. Ray Development Economics, Chapt. 2, 3, 4


II. What Was the New International Economic Order (NIEO)?
Sept. 13

D. Denoon The New International Economic Order: A U.S. Response, Chapt. 1


United Nations Declaration on the Establishment of the NEIO, May 1974


III. Are North-South Issues Different from NEIO Issues?  
Sept. 20

P.T. Bauer  
Dissent on Development, Chapt. 1 & 2

D. Rodrik  
“Understanding Economic Policy Reform,”
Journal of Economic Literature, March 1996, Vol. XXXIV, 9-41

I.M.F.  
World Economic Outlook, April 2006 1-70

IV. Trade and Capital Flow:  
Sept. 27

R. Caves, Frankel & Jones  
World Trade & Payment, 10th ed.  
Chapts. 2-6

J. Sachs, Torneil & Velasco  

M. Obstfeld  

D. Farrell  
Mapping Global Capital Markets, McKinsey Global Institute, 2006

V. Trade Policy:  
Oct. 04

A. Krueger & S. Rajapitrana  
“World Bank Policies Toward Trade,”
World Economy, 1999, Vol. 22, No. 6, 717 - 740

World Bank  
The East Asian Economic Miracle, 
Chapts. 1,3 & 6

J. Frankel & D. Romer  

M. Feldstein  
"The Return of Saving," Foreign Affairs, May / June 2006, 87-93
VI. Employment and Strategic Trade: Oct. 11

I.L.O. Employment, Growth and Basic Human Needs, Chapts. 1&2

P. Krugman (ed) Strategic Trade and the New International Economics Chapts. 1 (Krugman), 2 (Brander) and 8 (Yamamura)

R. Feenstra “Integration of Trade,” Journal of Economic Perspectives, Vol. 12, No. 4, Fall 1998, 31-50


VII. The International Monetary System: How should It be Run? Oct. 18

B. Eichengreen & A. Fishlow Contending with Capital Flows, 1-45

C.R. Henning East Asian Financial Cooperation, 1-48


M. Feldstein “The Case Against Trying to Stabilize the Dollar,” AER, 79:2, 36-40


VIII. Midterm Exam Oct. 25
IX. The 1997 Financial Crisis:
Nov. 01

S. Haggard The Pol. Econ. of the Asian Financial Crisis, pp. 1-88

D. Denoon The Economic and Strategic Rise of China and India (forthcoming 2007), Chapt. 2

K. Jackson, ed., The Asian Contagion, Chapt. 4, 6, 7

X. The Significance of Japan, China and India:
Nov. 08

D. Denoon Real Reciprocity, Chapt. 1, 3


XI. Latin American and African Development:
Nov. 15


XII. Foreign Aid, Loans and Conditions:
Nov. 22

S. Forman & S. Patrick
Good Intentions: Pledges of Aid, 1- 33

J. Bulow & K. Rogoff
“Grants versus Loans for Development Banks”
AER, Vol. 96, No. 2, May 2006, 394-397

D. Rodrik & R. Wacziarg

XIII. Structural Adjustment: How to Minimize the Pain
Nov. 29

D. Denoon
Devaluation Under Pressure: India, Indonesia And Ghana, Chaps. 1, 4, 5

S. Fischer, et. al

XIV Globalization:
Dec. 06

I.M.F.
World Economic Outlook - 2006.
“Inflation and Globalization” 97-124

G. Calvo et al.

FINAL EXAM In Exam Period

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