

PSCI 229
Global Political Economy
Fall 2020

Darel E. Paul
Schapiro 227
597-2327
dpaul@williams.edu

Online
MW 10.00am-11.15am

Online Office Hrs.: T 3.00-4.00pm, F 9.30am-11.00am, & by appointment
In-Person Office Hrs.: by appointment

An introduction to political economy

Political œconomy, considered as a branch of the science of the legislator, proposes two distinct objects; first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the publick services. It proposes to enrich both the people and the sovereign.

- Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*

Political economy, this science of wealth, is therefore simultaneously the science of denial, of want, of thrift, of saving – and it actually reaches the point where it spares man the need of either fresh air or physical exercise. This science of marvelous industry is simultaneously the science of asceticism, and its true ideal is the ascetic but extortionate miser and the ascetic but productive slave. Its moral ideal is the worker who takes part of his wages to the savings-bank, and it has even found ready-made an abject art in which to clothe this its pet idea: they have presented it, bathed it in sentimentality, on the stage. Thus political economy – despite its worldly and wanton appearance – is a true moral science, the most moral of all the sciences.

- Karl Marx, *Economic and Philosophic Manuscripts of 1844*

Course description

This course offers a broad introduction to the contemporary global political economy, emphasizing the inherent and inseparable intertwining of politics and economics, power and wealth, the state and the market. The core of the course is made up of analyses of global trade, global finance, development, and migration, with special attention to subjects such as free trade, foreign aid, industrial policy, and border walls. We conclude the course with a look at the global pandemic and its implications for the future of global capitalism.

Readings

All readings for this course are organized into the course reading packet divided into three parts. Part One is available now in Goodrich Hall. Parts Two and Three will be available later in the semester. These packets are also available in electronic format via our course Glow page.

All students are expected to faithfully keep up with the readings during the semester. Readings assigned for a particular class session will be the topic for that day's lecture and discussion, and therefore should be completed prior to class. Come to each class prepared to learn and discuss.

Lectures

Because of the unusual nature of teaching and learning this semester, the course will run as a synchronous seminar with asynchronous short lectures. The lectures should be viewed before the relevant class seminar and can be accessed via our course Glow page. **All students are expected to faithfully keep up with the lectures during the semester.** The technological capacities of Glow allow me to see who has watched the lectures and who hasn't. I will take your lecture viewing habits into consideration when formulation grades this semester.

Discussions

Class time will be devoted to discussion. In order to facilitate a seminar atmosphere in an online environment, most classes—those marked '[H]' (for 'half') in the course calendar—will be divided into two discussion groups. Group A will be seminar **participants** for the first half of class (approx. 35 minutes) while group B will be seminar **observers**. For the second half of class the roles will reverse. For a handful of sessions—those marked '[W]' (for 'whole') in the course calendar—the entire class will be **participants**. All students are expected to attend each class for the full 75 minutes regardless of role. Groups for '[H]' classes will have a rotating membership so that students get to better know everyone.

Office hours

The College has forbidden normal in-person office hours in faculty offices this semester. I will hold regularly scheduled online office hours every week per the schedule on page 1 of the syllabus, using the 'waiting room' feature in Zoom to simulate a normal first-come-first-served office hours experience. For students on campus, I am also available for in-person office hours by appointment. During pleasant or even simply disagreeable weather we will meet outside either on campus or Spring Street. During inclement or positively intolerable weather we will meet inside in a reserved room on campus, on Spring Street, or off-campus after September 30.

Speech policy

With the aim of advancing and deepening everyone's understanding of the issues addressed in this course, students are urged to speak their minds, explore ideas and arguments, play devil's advocate, and engage in respectful but robust discussions. There is no thought or language policing. I expect students to do business in the proper currency of intellectual discourse—a currency consisting of reasons, evidence, and arguments—but no ideas or positions are out of bounds. If you have any concerns about classroom climate, please come to me to share your concern.

Evaluation

Your grade will be determined by your performance on the following assignments:

- **Short paper** – you will write a 1200-1500 word (double-spaced, 11-pt. font min., 1-in. margins) paper critically engaging a single day’s readings. You must choose readings [1] from a non-debate day from the trade, finance, development, or migration sections of the course and [2] from a section in which you are NOT a debater. While some simple review of the arguments may be necessary, that should be done only in order to set the stage for a critical engagement. This paper should NOT be written as a ‘book review’ of the day’s readings. Consider other relevant readings and discussions from the course as you see fit. The paper is due by 10am one week after we have discussed your chosen readings in class.
- **Long paper** – you will write a 2000-2500 word (double-spaced, 11-pt. font min., 1-in. margins) paper taking and defending a position on one of the four debate resolutions discussed below and listed in the syllabus. You must write the paper related to the class debate for which you will sign up and in which you will participate. However, you do not need to argue the side you represented in the debate. Long papers are due by the dates and times listed below:
 - Trade war – Monday, October 5, 10am
 - Federal Reserve – Wednesday, October 21, 10am
 - China in Africa – Wednesday, November 4, 10am
 - Border walls – Wednesday, November 25, 11.59pm
- **In-class debate** – you will participate in one of four in-class debates we will hold this semester. These debates will be conducted after the fashion of the Oxford Union. Students not debating the resolution will constitute the audience. Two teams of 2-3 students each will debate the resolutions listed in the course calendar. Details on the structure of the debate will be distributed and discussed as the debates come up.
- **Final exam** – you will write a comprehensive self-scheduled final exam during exam period.
- **Class participation** – regular attendance is essential, as is participation in class discussions, both of which contribute to your class participation grade.

A NOTE ON DEADLINES:

Deadlines in this class are firm. Thus please do not ask for extensions except in highly unusual circumstances (work in other classes is *not* such a circumstance). Late papers will be penalized one partial letter grade (e.g. from A- to A-/B+, B to B-) per 24 hours late. If you cannot write a good paper by the deadline, take the late penalty to do so.

Grades

Your grade in this course will be determined according to the following formula:

Short paper	20%
Long paper	30%
In-class debate	10%
Final exam	35%
Class participation	5%

Honor code

You are free to consult with other students during the semester, organize study groups, etc., but remember that all **written** work should be the product of your own individual efforts. Please be especially vigorous in avoiding plagiarism. Use quotation marks where necessary and cite any sources clearly. The final exam is closed book. Remember, all work in this course must be completed in accordance with the Honor Code.

Course Calendar

Date **Topic and Readings**

INTRODUCTION

Friday
Sept. 11 **Introduction to the course [W]**

- no readings

Monday
Sept. 14 **The global political economy on a covid tightrope [W]**

- OECD, [OECD Economic Outlook](#), June 2020, ch. 1.
- “A mean feat,” [The Economist](#), 9 January 2016.
- “The folly of prediction,” [Freakonomics](#), 14 September 2011. *[see link on Glow]*

TRADE

Wednesday
Sept. 16 **Old trade theory [H]**

- David Ricardo, “On foreign trade,” [On the Principles of Political Economy and Taxation](#) (1817), paras. 10-20.
- World Trade Organization, “The case for open trade,” [Understanding the WTO](#) (2005), pp. 13-14.
- Salvatore Schiavo-Campo, “The causes of international trade,” [International Economics: An Introduction to Theory and Policy](#) (1978), pp. 46-52.

Monday
Sept. 21 **New and ‘new’ new trade theory [H]**

- Paul Krugman, “Does new trade theory require a new trade policy?” [The World Economy](#) 15 (1992), 423-442.
- Paul Krugman, “Competitiveness: A dangerous obsession,” [Foreign Affairs](#) 72 (2) (March/April 1994), 28-44.
- Dan Ciuriak et al., “Firms in international trade: Trade policy implications of the new new trade theory,” [Global Policy](#) 6 (2) (May 2015), 130-140.

Wednesday
Sept. 23

Deconstructing 'free trade' [H]

- Robert Driskill, "Deconstructing the argument for free trade," Economics and Philosophy 28 (2012), 1-30.
- H.E.S. Fisher, The Portugal Trade: A Study of Anglo-Portuguese Commerce 1700-1770 (1971), ch. 1.
- Alan V. Deardorff, "A trade theorist's take on global imbalance," in Simon Evenett, ed., The US-Sino Currency Dispute. Centre for Economic Policy Research, April 2010, pp. 43-47.

Monday
Sept. 28

DEBATE – Resolved: Broadly speaking, Trump's trade war with China has been good for the US [W]

- "Escalating U.S. Tariffs: Timeline," Congressional Research Service, CRS Insight IN10943 v. 20, 29 January 2020.
- "U.S. Trade Debates: Select Disputes and Actions," Congressional Research Service, CRS In Focus IF10958 v. 8, 20 July 2020.
- Paul Krugman, "Thinking about a trade war," New York Times, 17 June 2018.
- Vivek Dehejia, "Donald Trump, trade wars, and optimum tariffs," Livemint [online], 12 March 2018.
- Ryan Hass and Abraham M. Denmark, "More pain than gain: How the US-China trade war hurt America," SupChina [online], 29 July 2020.
- Robert E. Lighthizer, "How to make trade work for workers," Foreign Affairs 99 (4), July/August 2020.
- Minghao Li, Edward J. Balistreri, and Wendong Zhang, "The U.S.-China trade war: Tariff data and general equilibrium analysis," Journal of Asian Economics 69 (August 2020).

FINANCE

Wednesday
Sept. 30

An introduction to money [H]

- Michael McLeay et al., "Money creation in the modern economy," Quarterly Bulletin (Bank of England) 2014 Q1, 14-27.
- Stephen G. Cecchetti and Kermit L. Schoenholtz, "Do central banks need capital?" MoneyandBanking.com [blog], 26 May 2015.
- L. Randall Wray, "What is money? Conclusions on the nature of money," Modern Money Theory (2013), pp. 261-281.

Monday
Oct. 5

Global financial order [H]

- Maurice Obstfeld and Alan M. Taylor, "International monetary relations: Taking finance seriously," Journal of Economic Perspectives 31 (3) (2017), 3-28.
- Kevin O'Rourke and Alan M. Taylor, "Cross of euros," Journal of Economic Perspectives 27 (3) (Summer 2013), 167-191.

Wednesday
Oct. 7

Money and state power [H]

- M. D. Chinn, "Global imbalances," in Gerard Caprio, ed., The Evidence and Impact of Financial Globalization (2012), 67-79.
- Benjamin J. Cohen, "The macrofoundations of monetary power," in David M. Andrews, ed., International Monetary Power (2006).
- Barry Eichengreen et al., "Mars or Mercury? The geopolitics of international currency choice," VoxEU [online], 2 January 2018.

Monday
Oct. 12

Fall reading period – no class

Wednesday
Oct. 14

DEBATE – Resolved: The Federal Reserve should act as the world's central bank. [W]

- Serena Ng and Nick Timiraos, "Covid supercharges Federal Reserve as backup lender to the world," Wall Street Journal, 3 August 2020.
- Brian Cheung, "The Fed is thinking globally despite Trump's push for an 'America First' monetary policy," Yahoo! Finance, 25 August 2019.
- Andrés Velasco, "Why the Federal Reserve should be the world's central bank," Project Syndicate, 3 March 2016.
- Christopher Smart, "Dollar diplomacy," The National Interest 159, January/February 2019.
- Yakov Feygin and Dominik Leusder, "The class politics of the dollar system," Phenomenal World [online], 1 May 2020.

DEVELOPMENT

Monday
Oct. 19

Industrial policy [H]

- Justin Lin and Ha-Joon Chang, "Should industrial policy in developing countries conform to comparative advantage or defy it?" Development Policy Review 27 (2009), 483-502.
- Robert Wade, "After the crisis: Industrial policy and the developmental state in low-income countries," Global Policy 1 (2010), 150-161.
- Justin Yifu Lin, "Six steps for strategic government intervention," Global Policy 1 (2010), 330-331.

Wednesday
Oct. 21

Official development assistance [H]

- Jeffrey D. Sachs, “Making the investments needed to end poverty,” The End of Poverty (2005), pp. 244-265.
- William Easterly, “Reliving the 1950s: The big push, poverty traps, and takeoffs in economic development,” Journal of Economic Growth 11 (2006), 289-318.
- Hristos Doucouliagos and Martin Paldam, “The aid effectiveness literature: The sad results of 40 years of research,” Journal of Economic Surveys 23 (2009), 433-461.
- Hristos Doucouliagos and Martin Paldam, “The ineffectiveness of development aid on growth: An update,” European Journal of Political Economy 27 (2011), 399-404.

Monday
Oct. 26

The security-development nexus [H]

- Paul Collier et al., “Development in dangerous places,” Boston Review, July/August 2009.
- Lisa Denney, “Reducing poverty with teargas and batons: The security-development nexus in Sierra Leone,” African Affairs 110 (2011), 275-294.

Wednesday
Oct. 28

DEBATE – Resolved: Chinese investment is good for African development. [W]

- Brook Larmer, “Is China the world’s new colonial power?” New York Times Magazine, 2 May 2017.
- Joe Parkinson et al., “As Africa groans under debt, it casts wary eye at China,” Wall Street Journal, 17 April 2020.
- Larry Hanauer and Lyle J. Morris, Chinese Engagement in Africa (2014), chs. 2 & 4.
- David Dollar, China’s Engagement with Africa (2016), chs. 3-4.

THE US PRESIDENTIAL ELECTION

Monday
Nov. 2

Trump, Biden and the liberal international order [H]

- Michael Anton, “The Trump doctrine,” Foreign Policy, Spring 2019.
- Joseph R. Biden, Jr., “Why America must lead again,” Foreign Affairs, March/April 2020.

Wednesday
Nov. 4

Election post-mortem [W]

- no readings

MIGRATION

Monday
Nov. 9

The political economy of borders [H]

- Bryan D. Caplan, “Open borders are a trillion-dollar idea,” [Foreign Policy](#) [online], 1 November 2019.
- Suketu Mehta, “This land is their land,” [Foreign Policy](#), September-October 2017.
- Quamrul Ashraf and Oded Galor, “The ‘Out of Africa’ hypothesis, human genetic diversity, and comparative economic development,” [VoxEU](#) [online], 1 August 2011.
- Andrés Rodríguez-Pose and Viola von Berlepsch, “Population diversity as a crucial source of long-term prosperity in the US,” [VoxEU](#) [online], 10 November 2017.
- Frank Furedi, [Why Borders Matter](#) (2020), excerpt. [*see pdf on Glow*]

Wednesday
Nov. 11

The United States migration crisis [H]

- Congressional Research Service, “Recent migration to the United States from Central America: Frequently asked questions,” CRS Report R45489, 29 January 2019.
- Congressional Research Service, “Central American migration: Root causes and US policy,” CRS In Focus IF11151 v. 2, 13 June 2019.
- Congressional Research Service, “Mexico’s immigration control efforts,” CRS In Focus IF10215 v. 24, 19 February 2020.
- Ed Corcoran, “Central America needs a Marshall Plan,” [Foreign Policy In Focus](#) [online], 16 January 2019.
- Jose W. Fernandez, “More aid won’t stop Central America’s migrant crisis,” [Foreign Affairs](#) [online], 30 April 2019.
- Ryan C. Berg, “A Central American Marshall Plan won’t work,” [Foreign Policy](#) [online], 5 March 2019.

Monday
Nov. 16

The European Union migration crisis [H]

- Angeliki Dimitriadi, “Deals without borders: Europe’s foreign policy on migration,” European Council on Foreign Relations, ECFR/165, April 2016.
- “Migration through the Mediterranean: Mapping the EU response,” European Council on Foreign Relations, 17 April 2018.
- European Commission, “Progress report on the implementation of the European Agenda on Migration,” COM(2019) 481, 16 October 2019.
- Ruben Andersson and David Keen, “The West’s obsession with border security is breeding instability,” [Foreign Policy](#) [online], 16 November 2019.
- Joel Kotkin, “Europe’s fading cosmopolitan dream,” [City Journal](#) [online], 12 August 2019.

Wednesday
Nov. 18

Debate: Resolved—Walls and fences are reasonable and effective tools of migration policy. [W]

- Stéphane Rosière and Reece Jones, “Teichopolitics: Re-considering globalisation through the role of walls and fences,” *Geopolitics* 17 (2012), 217-234.
- Ron E. Hassner and Jason Wittenberg, “Barriers to entry: Who builds fortified boundaries and why?” *International Security* 40 (1) (2015), 157-190.
- UNHCR, “Border fences and internal border controls in Europe,” April 2017.
- Robert Vergruggen, “Walls work,” *National Review* [online], 1 July 2020.
- “Trump says walls work. It’s much more complicated,” *PBS NewsHour*, 9 January 2019.
- USA Today Network, “The Wall” [interactive website], 2017. [see link on Glow]

Monday
Nov. 23

No class

Thanksgiving break

THE GLOBAL POLITICAL ECONOMY UNDER PANDEMIC

Monday
Nov. 30

The pandemic and globalization [H]

- Carmen Reinhart and Vincent Reinhart, “The pandemic depression,” *Foreign Affairs* 99 (5) (September/October 2020), 84-95.
- Masahisa Fujita and Nobuaki Hamaguchi, “Globalisation and the COVID-19 pandemic: A spatial economics perspective,” *VoxEU* [online], 16 August 2020.
- Klaus Zimmermann et al., “Inter-country distancing, globalization and the coronavirus,” *The World Economy* 43 (2020), 1484-1498.
- Richard Fontaine, “Globalization will look very different after the coronavirus pandemic,” *Foreign Policy* [online], 17 April 2020.
- Jacob M. Schlesinger, “How the coronavirus will reshape world trade,” *Wall Street Journal*, 19 June 2020.

Wednesday
Dec. 2

The pandemic and global migration [H]

- Migration and Remittances Team, “Phase II: COVID-19 crisis through a migration lens,” Migration and Development Brief 33, World Bank, October 2020.
- Melissa Godin, “Blaze that destroyed Greece’s Moria refugee camp symbolizes breakdown in EU over future of migrants,” Time, 10 September 2020.
- Marta Foresti, “Human mobility and COVID-19,” LSE COVID-19 blog [blog], LSE School of Public Policy, 1 October 2020.
- World Health Organization, “Updated WHO recommendations for international traffic in relation to COVID-19 outbreak,” 29 February 2020.
- Benjamin Mason Meier et al., “Travel restrictions violate international law,” Science 367 (6485), 27 March 2020, 1436.
- Mara Pillinger, “Virus travel bans are inevitable but ineffective,” Foreign Policy [online], 23 February 2020.
- Tamás Krisztin et al., “The spatial econometrics of the coronavirus pandemic,” Letters in Spatial and Resource Sciences, 1 August 2020.
- Jennifer Summers et al., “Potential lessons from the Taiwan and New Zealand health responses to the COVID-19 pandemic,” The Lancet Regional Health – Western Pacific, 21 October 2020.
- “Closed borders: Is the cure worse than the disease?” Two Cents’ Worth [podcast], Radio New Zealand, 24 July 2020. [see link on Glow]

Monday
Dec. 7

The pandemic and monetary financing [H]

- International Monetary Fund, Fiscal Monitor, April 2020, ch. 1.
- Sebastian Mallaby, “The age of magic money,” Foreign Affairs 99 (4) (July/August 2020), 65-77.
- Aidan Lawson and Greg Feldberg, “Monetization of fiscal deficits and COVID-19 – A primer,” Yale School of Management, Program on Financial Stability, 31 August 2020.
- Sven Steinmo and Mark Blyth, “Can a pandemic defeat the politics of austerity?” Foreign Affairs [online], 22 April 2020.
- Adair Turner, “Monetary finance is here,” Project Syndicate, 20 April 2020.

Wednesday
Dec. 9

(Over)learning our lessons? Keynes v. Hayek and the future of capitalism [W]

- Nicholas Wapshott, Keynes Hayek: The Clash that Defined Modern Economics (2011), chs. 10, 12 & 18.
- “Starting over again,” The Economist, 25 July 2020, 13-16.