

HSEM3090: The Politics of World Trade and Money
Spring 2007
M,W 1:25-2:40PM
Room: 155 Ford Hall

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This seminar studies the compatibility of world markets and various forms of governance, including national and international democracy. After examining some current issues about the impact of world markets society and governance we study the post WWII evolution of the global trading and monetary systems. This includes critically evaluating some contending theoretical perspectives about these systems. Next we analyze the politics of trade. Among the topics singled out for close examination are the distributional consequences of trade, particularly the emerging skill cleavage within democratic countries. Institutions for governing trade like the World Trade Organization (WTO) also are studied. Money flows—both of currency and capital—and their consequences are examined next. Topics in this part of the class include the welfare consequences of currency fluctuations and crises, the reasons why countries adopt the U.S. dollar as their currency, and the politics of international banking. In the final weeks of the semester we take a closer look at recent political-economic developments in Latin America and Southeast Asia.

Written work. All students must write both a paper and a final examination. And everyone will be evaluated, in part, on the basis of class participation. The short paper option (I) is to write a critical evaluation of the Rivoli book and also the mid-term examination. The other option (II) is to write a longer, topical paper.¹ For students who choose the later option, the mid-term examination is optional.

The following weights will be used for the two options:

	I	II
Mid-term exam ²	25%	-
Short paper	25%	
Long paper	-	50%
Class participation	15%	15%
Final examination	35%	35%

In the second or third week of the course, the instructor will ask all class members to declare in the writing their intent to complete option I or II. Students opting to write the long paper must at that time submit a thesis statement and rough outline of their paper.

¹The length of the long paper should be 15-20 pages. The requirement of a senior/honors paper for a political science degree can be met in this way.

² Students who opt to write the long paper may take the mid-term exam if they wish. For these students the weighting scheme will be mid-term exam 20% , long paper 30% , class participation 15% , and final examination 35% .

Required texts.

Two books are required for the course. Both are available for purchase at the Coffman bookstore.

Frieden, Jeffrey *Global Capitalism: Its Fall and Rise in the Twentieth Century*
NY: W.W. Norton, 2006

Rivoli, Pietra *Travels of a T-Shirt in the Global Economy: An Economist Examines the Markets, Power And Politics of World Trade* N.Y. John Wiley and Sons, 2005.

Many of the assigned articles are available through JSTOR. Students can download them via www.jstor.org. Just click on Browse Journals, Political Science, the journal, and then the year and volume number. Articles for which this can be done are denoted by a #.

Copies of the articles that are not available through JSTOR are available in the form of a reading packet. There are twenty items in all. The packet is available for purchase at the West Bank Copy Center in the basement of the Social Sciences Building (Room 33).

Outline and Assigned Readings

A. Introduction and motivation
(January 17, 22, 24)

Rivoli (entire book)

Historical and theoretical perspectives
(January 29, 31; February 5)

Frieden, Chapters 12, 13, 14 (pps. 278-360)

Russett, Bruce and John Oneal. "International Systems: Vicious Circles and Virtuous Circles" Chapter 1 in *Triangulating Peace* W.W. Norton and Company, 2001: 16-42.

Sassen, Saskia "Globalization or Denationalization?" *Review of International Political Economy* 10(1), 2003: 1-22.

Wallerstein, Immanuel "The Rise and Future Demise of the World Capitalist System" Chapter 8 in *The Globalization Reader* F. Lechner and J. Boli eds. London, Blackwell Publishing, 2004 (pps. 63-69)

C. The Politics of Trade

1. The distributional consequences of trade; the coalitional politics of trade
(February 7, 12, 14, 19)

#Busch, Marc L and Eric Reinhardt “Geography, International Trade and Political Mobilization of U.S. Industries” *American Journal of Political Science* 2000, 44(4): 707-719

#Hiscox, Michael “Class vs. Industry Cleavages: Inter-industry Factor Mobility And the Politics of Trade” *International Organization* 2001; 55:1-46.

Scheve, Kenneth and Matthew J. Slaughter, *Globalization and the Perceptions Of American Workers* Washington D.C.: The Institute for International Economics, 2001, Chapters 1, 2 (pps. 1-46)

Iversen, Torben and Thomas Cusack “The Causes of Welfare State Expansion: Deindustrialization or Globalization?” *World Politics* 52, 2000: 313-349

FEBRUARY 7: DECLARATION OF GRADING OPTION DUE

2. Domestic institutions and the openness to trade
(February 21, 26)

#Busch, Marc L. and Eric Reinhardt “ Industrial Location and Protection: Political and Economic Geography of U.S. Nontariff Barriers” *American Journal of Political Science* 1999, 43(4): 1028-1050.

#Mansfield, Edward D., Helen V. Milner, and B. Peter Rosendorff, “Why Democracies Cooperate More: Electoral Control and International Trade Agreements” *International Organization* 56(2002): 477-514

#Rogowski, Ronald “Trade and the Variety of Democratic Institutions” *International Organization* 1987 41: 203-223.

3. International institutions and the politics of trade
(February 28: March 5)

Frieden, Chapters 18-19 (pps. 413-434)

Milner, Helen “Globalization, Development, and International Institutions: Normative and Positive Perspectives” *Perspectives on Politics* 3(4) 2005: 833-854

March 7: MID-TERM EXAMINATION (In class)

SPRING BREAK, MARCH 12, 14

NO CLASS MONDAY, MARCH 19

D. International money flows and politics

1. The distributional consequences of monetary flows and the politics of market liberalization (March 21, 26, 28)

Frieden, Chapter 17 (pps. 392-412)

Frieden, Jeffrey "Exchange Rate Politics: Contemporary Lessons From American History" *Review of International Political Economy* 1(1), 1994: 79-103.

Bearce, David H. "Societal Preferences, Partisan Agents, and Monetary Policy Outcomes," *International Organization* 57, 2003: 373-410.

2. Domestic institutions and money flows (April 2, 4)

Leblang, David and Shanker Satyanth "Institutions, Expectations and Currency Crises" *International Organization* 2006

Jensen, Nathan *Nation-States and the Multinational Corporation: The Political Economy of Direct Foreign Investment* N.Y. Princeton University Press, 2006, Chapters 3, 4, 5 (pps. 40-99).

3. Regional and global institutions for managing money flows (April 9, 11, 16)

Franklin, J. "I.M.F. Conditionality, Threat Perception and Political Repression" *Comparative Political Studies* 1997, 30(7): 576-606.

Girvan, Norman "Swallowing the I.M.F. Medicine in the 1970s" *Development Dialogue* 1980, 2;

Hale, David D. "The IMF, Now More Than Ever" *Foreign Affairs* 77(6), 1998: 7-13

continue

#Feinberg, R. E. "The Changing Relationship Between the World Bank and I.M.F." *International Organization* 1988, 42(3): 545-560

Przeworski, Adam and James Vreeland "The IMF and Growth"
Journal of Development Economics 2000

- E. Regional case studies; international political economic problems in and prospects for
Latin America
(April 18, 23)

Frieden, Jeffrey "The Political Economy of Dollarization: Domestic and International Factors" Chapter 8 in *Dollarization* Eduardo. LevyYeyati and Federico. Sturzenegger eds. Cambridge, MA: MIT Press, 2002, pps.. 305-333.

#Frieden, Jeffrey "Classes, Sectors, and Foreign Debt in Latin America"
Comparative Politics 21(1), 1988: 1-20

Sheahan, John "Effects of Liberalization Programs on Poverty and Inequality: Chile, Mexico, and Peru" *Latin American Research Review* 1997,32(3):7-38

- Southeast Asia
(April 25, 30)

Haggard, Stephan *The Political Economy of the Asian Financial Crisis*
Washington, D.C. The Institute for International Economics, (2000)
Introduction and Chapter 3 (pps. 1-14; 87-125).

Hays, Jude C., John R. Freeman and Hans Nesseth "Exchange Rate Volatility and Democratization in Emerging Market Countries"
International Studies Quarterly 47, 2003: 203-228.

Satyanath, Shanker *Globalization, Politics and Financial Turmoil: Asia's Banking Crisis* N.Y. Cambridge University Press (2004),
Chapters 1,2 (pps. 1-27)

- F. Reflections and review: Is democracy compatible with market globalization? Does market globalization require global democracy?
(May 2)

Frieden, Chaper 20 (pps. 457-472)

Freeman, John "Democracy and Markets in the 21st Century: An Agenda"
In *Democracy and Markets in the 21st Century* Peter Nardulli Editor,
Forthcoming, University of Illinois Press. [Available at
www.polisci.umn.edu/faculty/freeman. Click on working papers.]