



POLITICS OF THE GLOBAL ECONOMY

GL 363-01 (5th Hour) and 363-02 (6th Hour)

Fall 2007-08

Professor TERRENCE CASEY

OFFICE: Moench A 205

PHONE: 877-8281

E-Mail: casey1@rose-hulman.edu

RHIT Mailbox: #93

OFFICE HOURS: MTRF, 4th Hour (10:50-11:40am) or drop-in.

COURSE WEBSITE: [http://www.rose-hulman.edu/~casey1/PGE\(GL363\).htm](http://www.rose-hulman.edu/~casey1/PGE(GL363).htm)

The purpose of this course is to introduce you the key theoretical approaches and substantive issues of the politics of the global economy. After examining the core theories and concepts of the international political economy (IPE), we will review recent major trends, with a particular emphasis on globalization, debates regarding the optimal organization of capitalist economies, and the key issues for the future. The subject matter inherently draws attention to the intersection of politics (states) and economics (markets). The overarching focus is thus on how political choices made by state actors alter economic outcomes and, alternately, how the operation of international markets shapes the options available to political leaders.

TEXTS: The following texts are available for purchase at the campus bookstore.

David N. Balaam and Michael Veseth, *Introduction to International Political Economy*, 4th Edition

William J. Baumol, Robert E. Litan, and Carl J. Schramm, *Good Capitalism, Bad Capitalism, and the Economics of Growth and Prosperity*

As we will begin every class with a brief discussion of current events, you should also regularly read one of the main international news sources. Your best bet is the weekly magazine *The Economist*, which offers comprehensive yet easily readable coverage. Most of the magazine can be read free on line at www.economist.com (you need a subscription for some content). Quality daily papers available without charge include the *New York Times* (www.nytimes.com), *Washington Post* (www.washingtonpost.com) and *Financial Times* (www.ft.com), although for all there is some content blocked unless you are a subscriber.

COURSE REQUIREMENTS: Your grade for the course will be based on the following --

(A) Three Exams (22.5% each) on Friday September 21st, Friday, October 19th, and Friday, November 9th. Exams will include a mix of objective and analytical questions drawn from both the readings and the lectures. You will be given a study guide prior to each exam.

(B) Paper on *Good Capitalism, Bad Capitalism* (22.5%). Details of the assignment will be handed out separately. The paper will be due on **Monday, October 29th.**

(C) Attendance and Participation (10%) Regular attendance, active participation in class discussion (which means keeping up with the course material), and staying abreast of current events *is expected of everyone*. You are also responsible for all material presented in class and much of the exams will be based on material that will only be presented in lecture. *If you desire a good grade in the course, come to class, pay attention, and take notes!*

BASIC COURSE POLICIES: The following policies apply unless otherwise stated.

Cheating: You are expected to abide by the terms of the Institute's Honor Code, which states that: "Plagiarism is taking the words or ideas of another and presenting them as your own. Cheating is making use of any assistance on an examination, assignment, or other class project (including written reference materials, help from other students, etc.) beyond that authorized by the professor." Penalties for academic misconduct are at the discretion of the professor and can range from the loss of all credit on an assignment to a formal hearing before the Institute's Rules and Discipline Committee. It is incumbent upon you to know what constitutes academic misconduct and make sure to avoid it. If you are in any way unsure about what constitutes a violation, please ask me. *Claiming ignorance after the fact is not a valid excuse. Think rationally; the risks outweigh the gains.*

Late Assignments: Extensions for exams or assignments will only be given if you have a *legitimate excuse and you contact me in advance. All projects that are late will receive a letter grade reduction for each day (including weekend days) that they are late.* You can reach me via e-mail, voicemail, or by dropping a note in either my campus or HSS mailbox. Short of being in a coma, you should be able to reach me if there is a problem. I am very accommodating to those who alert me to a problem in advance; I will be far less friendly if you approach me after the fact.

Ideological Perspectives: I have no intention of trying to indoctrinate you with my beliefs. The issues we will be exploring are contentious and there are not right or wrong answers per se. That being said, *there*

are good and bad arguments. You may hold any opinion you wish, but ***your arguments must be logically sound and supported by the available evidence.***

Overall, I can only facilitate the learning process; I cannot force knowledge into your heads. All of you are adults and fully capable of being responsible students and active learners. That means that if you do not understand something *you* need to take the initiative to find out the answer -- raise your hand, talk to me after class, come to my office. I cannot read minds, so it is up to you to try to seek clarity when it is lacking.

Topics and Readings

NOTE: The following is only a *tentative* schedule of topics, readings and lectures. This may be changed during the course of the semester. For the list of readings below, any article followed by '[Library]' can be obtained through the Logan Library's Academic Search Premier database.

PART I: THEORETICAL APPROACHES AND CONCEPTS (Weeks 1-4)

A. Introduction: What is International Political Economy (IPE)?

Balaam and Veseth, Chapter 1

Thomas Friedman, "India v. Indiana: Who is Exploiting Whom?" from *The World Is Flat*, pp. 203-208. [Handout]

B. Theoretical Approaches

1. Liberalism

Balaam and Veseth, Chapter 3 and pp. 82-89 (on rational choice)

2. Mercantilism

Balaam and Veseth, Chapter 2

3. Structuralism

Balaam and Veseth, Chapter 4

C. Concepts

1. Trade and the Balance of Payments

Balaam and Veseth, Chapter 6

2. International Finance

Balaam and Veseth, Chapter 7

3. Foreign Debt and Financial Crises

Balaam and Veseth, Chapter 8

4. Transnational Corporations and International Investment

Balaam and Veseth, Chapter 17

5. Knowledge and Technology

Balaam and Veseth, Chapter 10

FIRST EXAM -- Friday, September 21st

PART II: THE GREAT TRANSFORMATION – GLOBALIZATION (Week 5)

A. What is Globalization?

“The Globalization Index,” *Foreign Policy*, November/December 2006 [Handout]

B. Is Globalization a Good Thing?

TBA

C. The Future of Globalization

Niall Ferguson, “Sinking Globalization,” *Foreign Affairs* (March/April) 2005
[Library]

Rawi Abdelal and Adam Segal, “Has Globalization Passed Its Peak?” *Foreign Affairs*
(January/February) 2007 [Handout]

PART III: COMPETING MODELS OF CAPITALISM (Weeks 6-7)

A. The Study of Comparative Capitalisms

TBA

B. The Domestic Sources of Comparative Growth

Baumol, Litan, and Schramm, Chapters 1-3

C. Understanding Different Types of Capitalism

Baumol, Litan, and Schramm, Chapter 4

D. When Good Capitalism Goes Bad

Baumol, Litan, and Schramm, Chapters 5-7

E. Keeping Capitalism Healthy

Baumol, Litan, and Schramm, Chapter 8

SECOND EXAM -- Friday, October 19th

PART III: STATE AND REGIONS IN THE GLOBAL ECONOMY (Weeks 8-9)

A. Europe and the Political Economy of Regionalism

Balaam and Veseth, Chapter 11

Clive Crook, “Think Again – Europe,” *Foreign Policy*, (July/August) 2007 [Handout]

B. Japan and the Crossroads

Balaam and Veseth, Chapter 12

C. China – The New Economic Superpower?

TBA

D. India – High-Tech Hub or the “Hindu Rate of Growth”?

TBA

E. The Transition from Communism to Capitalism

Balaam and Veseth, Chapter 13

The Commanding Heights, Part II: “The Agony of Reform” [Video – If Time Allows]**F. Economic and Political Development in the Middle East**

Balaam and Veseth, Chapter 14

Third World Development and the North-South Gap

Balaam and Veseth, Chapter 15

PAPERS DUE – Monday, October 29th**PART IV: KEY ISSUES FOR THE FUTURE (Week 10)****A. Markets and the Environment**

Balaam and Veseth, Chapter 20

Carl Pope and Bjørn Lomborg, “The State of Nature,” *Foreign Policy*

(July/August) 2005. [Handout]

B. Markets and Security

Balaam and Veseth, Chapter 9

C. America and the Global Economic Future

Balaam and Veseth, Chapter 21

Adam Segal, “Is American Losing Its Edge?” *Foreign Affairs* (November/

December) 2004 [Library]

David H. Levey and Stuart S. Brown, “The Overstretch Myth,” *Foreign**Affairs* (March/April) 2005. [Library]**THIRD EXAM – Friday, November 9th**