

PS 554

Comparative Economic Diplomacy

Spring 2011 TR 11:30-1:18 Smith Lab 2150

This course will survey and attempt to explain variations in types of foreign economic policies followed since the mid-nineteenth century by European and other advanced industrial economies, with a special emphasis on Britain, France, Germany, the United States, and Japan. The interaction between international and domestic forces will be the main focus of the course, while providing an insight into the dynamic of the international economic system. The course will cover the repeal of the Corn Laws, the Cobden-Chevalier Treaty, the protectionist reaction of the 1880s, the emergence of an international money market under the gold standard, the interwar crisis, U.S. postwar hegemony, industrial policy, strategic trade, Bretton Woods, the European Union, EMU, GATT, WTO and globalization. Alternative explanations will be discussed in the context of the facts that they claim to explain. The class involves two weekly lectures. Attendance is mandatory.

This is a lecture for undergraduates requiring little background in the fields of political science and economics.

The following titles can be purchased online or at any second-hand bookstore

Mark R. Brawley. 2005. *Power, Money, and Trade*. Broadview Pr.

Daniel Verdier. 2002. *Moving Money*. Cambridge U. Pr.

Articles are available on Carmen.

Course requirements and grading standards: Grades will be based on class attendance and participation (10% of the grade), one in-class *midterm* (40%) and an in-class *final* (50%).

Academic Misconduct

It is the responsibility of the Committee on Academic Misconduct to investigate or establish procedures for the investigation of all reported cases of student academic misconduct. The term "academic misconduct" includes all forms of student academic misconduct wherever committed; illustrated by, but not limited to, cases of plagiarism and dishonest practices in connection with examinations. Instructors shall report all instances of alleged academic misconduct to the committee (Faculty Rule 3335-5-487). For additional information, see the Code of Student Conduct (http://studentaffairs.osu.edu/resource_csc.asp).

Disability Services

Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated, and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; <http://www.ods.ohio-state.edu/>.

March 29. Presentation

March 31. Relative comparative advantages, parties, interest groups and other useful concepts applied to the repeal of the Corn Laws

Brawley, chap 7,10.

April 5. The Continent Turns to Free Trade 1860s

Brawley, chap. 11.

Stephen D. Krasner. 1976. "State Power and the Structure of International Trade," *World Politics* 27, 3: 317-47.

Daniel Verdier. 1998. "Democratic Convergence and Free Trade." *International Studies Quarterly* 42, 1:1-24

April 7. US turns to Protection 1860s

Daniel Verdier. 1993. "The Politics of Trade Preference Formation: The United States from the Civil War to the New Deal. *Politics and Society* 21:364-91.

optional: Bryan Coutain 2009. "The unconditional Most-favored-Nation Clause and the maintenance of the liberal trade regime in the postwar 1870s." *International Organization* 63, 1:139-75.

April 12. The Long Depression of the 1880s

Rogowski, Ronald. 1987. "Political Cleavages and changing exposure to trade." *American Political Science Review* 81, 4: 1121-1137.

James Kurth, "The Political Consequences of the Product Cycle: Industrial History and Political Outcomes," *International Organization* 33, 1 (1979) 1-34.

optional: Brawley, chap 13-14.

April 14. The Globalization of Finance, 1870-1914-Part I

Brawley, chap. 8-9.

Charles P. Kindleberger, *The World in Depression, 1929-1939* (U. of Cal. Pr., 1975) ch. 14.

Bordo, Michael D. and Finn E. Kydland 1995. The Gold Standard as a Rule: An Essay in Exploration. *Explorations in Economic History* 32: 423-464.

April 19. The Globalization of Finance, 1870-1914-Part II

Simmons, B.A. 1994. *Who Adjusts?* (Princeton U. P.) ch. 2.

Verdier, *Moving* ch. 2-5

April 21. National Responses to the Great Depression

Michael J. Hiscox. 1999. "The Magic Bullet? The RTAA, Institutional Reform, and Trade Liberalization." *International Organization* 53, 4: 669-698.

Peter A. Gourevitch. 1984. "Breaking with Orthodoxy: The politics of Economic Policy Responses to the Depression of the 1930s," *International Organization* 38, 1: 95-130.

April 26. Review

Brawley, chap 16-17.

April 28. Midterm

May 3.. Cold War and U.S. Supremacy

Reread Krasner 1976.

Charles Lipson, 1982. "The Transformation of Trade: The Sources and Effects of Regime Change." *International Organization* 36, 2:417-455.

May 5. Bretton Woods and its Collapse

Brawley chap 18, 20.

John-Gerard Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization* 36, 2 (1982) 379-415.
Verdier. *Moving Money*. Ch. 7.

May 10. Strategic Trade and Industrial Policy

Brawley, chap 19

Helen V. Milner; David B. Yoffie. 1989. "Between Free Trade and Protectionism: Strategic Trade Policy and a Theory of Corporate Trade Demands." *International Organization*, Vol. 43, 2: 239-272

May 12. Fragmentation of GATT, Founding of WTO

Beth V. Yarbrough and Robert M. Yarbrough, "Cooperation in the Liberalization of International Trade: After Hegemony, What?" *International Organization* 41, 1 (1987) 1-26.

Joanne Gowa, "Bipolarity, Multipolarity, and Free Trade," *American Political Science Review* 83, 4 (1989) 1245-1256.

Alexander Thompson. A Domestic Logic for International Delegation: U.S. support of WTO Legalization. Unpublished paper

optional: Brawley, chap 22.

May 17. North-South Trade and The Doha Round

Porter, Tony. 1999. "Hegemony and the Private Governance of International Industries." In *Private Authority and International Affairs*, edited by A. Claire Cutler, Virginia Haufler, and Tony Porter. State University of New York Press, New York.

Steinberg, Richard. 2002. "In the Shadow of Law or Power? Consensus-based Bargaining and Outcomes in the GATT/WTO." *International Organization* 56, 2: 339-74.

May 19. European Integration, from ECSC to EMU

Wayne Sandholtz. 1993. "Choosing Union: Monetary Politics and Maastricht," *International Organization* 47, 1 (1993) 1-39.

Jeff Frieden. 2002. "Real Sources of European Currency Policy: Sectoral Interests and European Monetary Integration." *International Organization* 56, 4: 831-860.

optional: Brawley, chap 24

May 24. Financial Markets and International Capital Mobility

Benjamin S. Cohen. 1996. "Phoenix Risen: The Resurrection of Global Finance." *World Politics* 48, 2:

Verdier. *Moving Money*. Ch. 8-9

optional: Brawley, chap 21.

May 26. IMF and World Bank

Brawley, chap 25

Joseph Stiglitz. 2004. "Capital Market Liberalization Globalization and the IMF", In *Oxford Review of Economic Policy*, 20(1), Spring, pp.57-71.

http://www2.gsb.columbia.edu/faculty/jstiglitz/download/2004_Capital_Market_Liberalization_Globalization_and_the_IMF.pdf

May 31. Global Market Failures: The .COM and Mortgage Bubbles

Hoshi, Takeo and Anil K. Kashyap 2004. "Japan's Financial Crisis and Economic Stagnation." *Journal of Economic Perspectives* 18, 1: 3-26.

Coval, Joshua D., Jakub Jurek, Erik Stafford. 2008. The Economics of Structured Finance. Working Paper 09-060. Harvard Business School.

June 2. General Conclusion

Review all.

June 7. Final exam

Same time, same room