

Fall 2023 / Tuesday & Thursday 4:45-6:00pm / Online, synchronous

Political Science P302: The Politics of Economic Crisis and Reform

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Office: Zoom (<https://iu.zoom.us/j/4712246290>)
Hours: Tuesday 3:00-4:30pm, oba
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course description

Economic crises have been a recurrent feature of global capitalism since its beginning. These crises have significant effects on economic and political systems. Recent research suggests that crises are increasing in both frequency and severity, as evidenced by contemporary instability in North America, Europe, and the Arab World. Crises are frequently followed by calls for reform. Some reform efforts target specific market activities while others involve modifications to political institutions. Some reform efforts are instigated by international institutions while others are initiated by domestic polities. This course will consider the politics of crisis and reform from a comparative and international political economy perspective. In addition to learning general theories of crisis and reform, we will study in-depth “case studies” of important crisis episodes in the era of industrial capitalism, and seek to understand both the causes and consequences of crisis events. We will examine the impact of various crisis responses, conducted under different political and economic systems.

learning outcomes

As a course that exists within Indiana University's College of Arts and Science Education Social and Historical (CASE S&H) studies curriculum, this course is designed to achieve the following learning outcomes:

1. Examine how domestic political institutions and economic organization condition the behaviors of social actors in the run-up to, and in response to, the occurrence of economic crises (CASE S&H #1).
2. Learn about how economic crises lead to a reorganization of domestic political systems and economic relations, often through pressure from international institutions (CASE S&H #2).
3. Develop a theoretical understanding of the political economy of crisis, a methodology for explaining crisis outcomes, and a normative frame for thinking about the distribution of society's resources can contribute to the origination of crises and have an impact on post-crisis reforms (CASE S&H #3).
4. Learn to analyze crises events through written work, especially as part of the Policy Roundtables discussed below (CASE S&H #4).

requirements

Students are expected to attend all lectures having read the assigned material in advance. This class requires approximately 80 pages of reading per week, and it is essential that you keep up as you will be examined on this material.

There will be two examinations that will draw from the readings and lectures. The overall grade breaks down as follows:

- Examination One: 30%.
- Examination Two: 30%.
- Policy Roundtable One: 20%.
- Policy Roundtable Two: 20%.

More information on the examinations and policy roundtables will come later. In my experience, students who attend class, do the readings, and come to office hours when they are confused do well in my courses. Students who do not do these things often suffer.

grading policy

I will not give make-up examinations except in the case of a documented medical emergency.

Grade appeals must be made in writing, with an explanation of why additional points are deserved, no sooner than one week after a graded assignment is returned – to allow for appropriate reflection – and no later than two weeks after a graded assignment is returned.

academic honesty

“As a student at IU, you are expected to adhere to the standards and policies detailed in the Code of Student Rights, Responsibilities, and Conduct (Code). When you submit a paper with your name on it in this course, you are signifying that the work contained therein is all yours, unless otherwise cited or referenced. Any ideas or materials taken from another source for either written or oral use must be fully acknowledged. If you are unsure about the expectations for completing an assignment or taking a test or exam, be sure to seek clarification beforehand. All suspected violations of the Code will be handled according to University policies. Sanctions for academic misconduct may include a failing grade on the assignment, reduction in your final grade, a failing grade in the course, among other possibilities, and must include a report to the Dean of Students, who may impose additional disciplinary sanctions.”

More here: <http://www.iu.edu/~code/>.

“The *Indiana University Code of Student Rights, Responsibilities, and Conduct* defines academic misconduct [as]:

[A]ny activity that tends to undermine the academic integrity of the institution . . . Academic misconduct may involve human, hard-copy, or electronic resources . . . Academic misconduct includes, but is not limited to . . . cheating, fabrication, pla-

gism, interference, violation of course rules, and facilitating academic misconduct. (II. G.1-6).”

More here: http://teaching.iub.edu/policies_misconduct.php?nav=policies.

An online presentation of this material is here: http://prezi.com/s_-vvodf3avu/academic-misconduct-iu-college-of-arts-and-sciences/.

Please note that if you are unsure whether some conduct is a violation of the Code, it is fine to ask. There is no penalty involved with seeking a clarification on policies, or advice on how to stay within them, and I am happy to help. The goal of these policies is to help you, not hurt you. That said, I take violation of these rules very seriously and will take appropriate action if I find that you are not living up to them.

accessibility

Please contact me after class, during my office hours, or by individual appointment if you will require assistance or academic accommodations for accessibility. More information here: <https://accessibility.iu.edu/ada/requesting-accommodations/for-students/index.html>.

student privacy

It is expected that the privacy of the class will be respected. Personal information disclosed in course should not be repeated or discussed outside of the course, especially with students not enrolled in the course.

extra help

Do not hesitate to come to my office during office hours or by appointment to discuss course materials, examination results, paper projects, or any aspect of the course.

readings and schedule

There are no required books. All readings are available on the course website in the “Files” tab.

i: introduction to the course (aug. 22)

No readings.

ii: an historical overview of crises (aug. 24)

Carmen M. Reinhart and Kenneth S. Rogoff. This time is different: A panoramic view of eight centuries of financial crises. NBER Working Paper 13882, 2008.

Note: Pages 1-54 only.

iii: basic economics of crises (aug. 29)

Hyman P. Minsky. The financial instability hypothesis. In Philip Arestis and Malcolm Sawyer, editors, *Handbook of Radical Political Economy*. Edward Elgar Publishing, Aldershot, 1993.

Lawrence H. Summers. International financial crises: causes, prevention, and cures. *The American Economic Review*, 90(2):1-16, 2000.

iv: basic politics of crises (aug. 31)

Peter Alexis Gourevitch. Breaking with orthodoxy: The politics of economic policy responses to the depression of the 1930s. *International Organization*, 38(1):95-129, 1984.

v: the great depression, i (sept. 5)

Charles Kindleberger. *The World in Depression, 1929-1939*. University of California Press, Berkeley, CA, 1973.

Note: Read uploaded portion only.

vi: the great depression, i (sept. 7)

Peter Temin. Transmission of the great depression. *The Journal of Economic Perspectives*, 7(2):87-102, 1993.

vii: the beginnings of a transition (sept. 12)

G. John Ikenberry. The political origins of bretton woods. In Michael D. Bordo and Barry Eichengreen, editors, *A Retrospective on the Bretton Woods System*:

Lessons for International Monetary Reform, pages 155–198. University of Chicago Press, 1993.

viii: the battle of bretton woods (sept. 14)

Eric Toussaint. *The World Bank: A Critical Primer*. Pluto Books, London, U.K., 2007.

Benn Steil. Red white. *Foreign Affairs*, 92(2), 2013.

ix: the function of bretton woods (sept. 19)

Michael D. Bordo. The bretton woods international monetary system: A historical overview. In Michael D. Bordo and Barry Eichengreen, editors, *A Retrospective on the Bretton Woods System: Lessons for International Monetary Reform*. University of Chicago Press, Chicago, IL, 1993.

Note: Read sections 1.1, 1.3, and 1.4 ONLY.

x: first policy roundtable, i (sept. 21)

No readings

xi: first policy roundtable, ii (sept. 26)

No readings

xii: first policy roundtable, iii (sept. 28)

No readings

xiii: the triffin dilemma oct. 3

Ivo Maes. On the origins of the triffin dilemma. *The European Journal of the History of Economic Thought*, 20(6):1122–1150, 2013.

xiv: stagflation in the north (oct. 5)

Alan S. Blinder. The anatomy of double-digit inflation in the 1970s. In Robert E. Hall, editor, *Inflation: Causes and Effects*. University of Chicago Press, Chicago, IL, 1982.

xv: mounting debt in the south (oct. 10)

Vincent Ferraro and Melissa Rosser. Global debt and third world development. In Michael Klare and Daniel Thomas, editors, *World Security: Challenges for a New Century*. St. Martin's Press, New York, NY, 1994.

xvi: the 1980s latin american debt crises (oct. 12)

Sebastian Edwards. The debt crisis and economic adjustment in latin america. *Latin American Research Review*, 24(3):172–186, 1989.

John Williamson. What washington means by policy reform. In John Williamson, editor, *Latin American Adjustment: How Much Has Happened?* Peterson Institute for International Economics, Washington, D.C., 1990.

xvii: responses to the 1980s crises (oct. 17)

Thomas Oatley and Robert Nabors. Redistributive Cooperation: Market Failure, Wealth Transfers, and the Basle Accord. *International Organization*, 52(1):35–54, January 1998.

xviii: crises at the end of history (oct. 19)

Stephan Haggard. The politics of the asian financial crisis. *Journal of Democracy*, 11(2):130–144, 2000.

Jared Diamond. Malthus in africa: Rwanda's genocide. In *Collapse: How Societies Choose to Fail or Succeed*, chapter 10, pages 311–328. Viking, 2004.

xix: the battle for capitalism (oct. 24)

Jan Aart Scholte. Cautionary reflections on seattle. *Millenium: Journal of International Studies*, 29(1):115–121, 2000.

Roland Bleiker. Activism after seattle: Dilemmas of the anti-globalisation movement. *Pacifica Review*, 14(3):191–207, 2002.

xx: exam one (oct. 26)

No readings

xxi: the last days of the great moderation (oct. 31)

Michael P. Dooley, David Folkerts-Landau, and Peter Garber. The revived bretton woods system: The effects of periphery intervention and reserve management on interest rates and exchange rates in center countries. NBER Working Paper No. 10332, 2004.

xxii: the subprime crisis, i (nov. 2)

Gary B. Gorton and Andrew Metrick. Getting up to speed on the financial crisis: A one-weekend-reader's guide. NBER Working Paper 17778, 2012.

Andrew W. Lo. Reading about the financial crisis: A twenty-one-book review. *Journal of Economic Literature*, 50:151–178, 2012.

xxiii: the subprime crisis, ii (nov. 7)

Thomas Oatley, W. Kindred Winecoff, Sarah Bauerle Danzman, and Andrew Pennock. The political economy of global finance: A network model. *Perspectives on Politics*, 11(1):133–153, 2013.

Adam Tooze. The forgotten history of the financial crisis. *Foreign Affairs*, 94(September/October), 2018.

xxiv: the eurozone crisis, i (nov. 9)

Vivien A. Schmidt. The european union's eurozone crisis and what (not) to do about it. *Brown Journal of World Affairs*, 17(1):199–213, 2010.

Daniel Davies. So, what would your plan for greece be? <http://crookedtimber.org/2012/02/16/so-what-would-your-plan-for-greece-be/>, 2012.

xxv: the eurozone crisis, ii (nov. 14)

Mark Blyth. The austerity delusion: why a bad idea won over the west. *Foreign Affairs*, 92(3), 2013.

Miguel Otero-Iglesias. Why the eurozone still backs its common currency: The euro as social bond. *Foreign Affairs*, 2017.

xxvi: the food crisis and arab spring (nov. 16)

David Rosenberg. Food and the arab spring. *The Middle East Review of International Affairs*, 15(3), 2011.

Koren and Winecoff (2022).

xxvii: thanksgiving break (nov. 21)

No readings

xxviii: thanksgiving break (nov. 23)

No readings

xxix: second policy roundtable, i (nov. 28)

No readings

xxx: second policy roundtable, ii (nov. 30)

No readings

xxxi: second policy roundtable, iii (dec. 5)

No readings

xxxii: the covid-19 pandemic and looming “polycrisis”?
(dec. 7)

Readings TBD.

xxxiii: fin.

Final Exam - December 14th (exam will be available for 24 hours.)