

3547: America, Business and the International Political Economy
(FALL 2017)

Professor: Peter Katzenstein (pjk2) White Hall 321. Office hours are posted on my office door at the latest each Monday morning for the coming week. If you cannot make posted office hours email me so that we can arrange for an alternative time. For quick consultations please see me after (not before) class.

Teaching Assistants:

Colin Chia (dc824@cornell.edu); Nina Obermeier (keo44@cornell.edu); Aditi Sahasrabudde (as3423@gmail). The office of the TAs is White Hall B-12. TAs will announce their office hours in section.

Course web site:

The url is <http://www.blackboard.cornell.edu>. Since your TA will post information concerning the course and sections here, you should regularly consult this website. Your normal contact for anything related to this course is your TA. If your TA cannot help you, write to me (pjk2).

OVERVIEW

Do you want to learn the discussion-based case method as taught at the Harvard Business School? Do you want to learn how to write a long research paper? Do you not want to take a final examination? If you answer these questions affirmatively, this course may be for you. We are told often that American primacy is in decline and that other powers are rising. What does this mean when we examine the experience of Government and Business in different countries around the world? Is the international political economy a hydraulic system in which some units rise and others fall? Are the dynamics of the international political economy all pointing in one direction? Or are they marked by cross-currents? This course seeks answers to these questions by teaching the basics of macro-economics, examining a range of powerful states (among others China, India, Russia and Japan) and persisting issues (financial globalization and foreign investment; oil and OPEC; trade and aid) as they play themselves out in different countries (such as Malaysia, Korea, Saudi Arabia, Nigeria Mexico, Brazil, Uganda, Indonesia). A separate course with the same title but a different number (Government 3557) focuses on American exceptionalism in comparison with different European states and the EU.

This is a large lecture course that deviates from traditional courses in two ways.

- First, roughly two-thirds of the classes are designed around class discussion using the case method and cases developed at the Harvard Business School. Each of these discussions centers around two or three questions which the class will explore through discussion without, in the end, arriving at a “correct” answer. For this to work students have to be very well prepared and ready to talk and the instructor has to provide only very limited guidance to the discussion. If students and teacher both do their part, the case method offers an exhilarating learning experience. Typically, at the beginning I will take five minutes to introduce the case and 10 minutes at the end to reflect on it and how it relates to some broader themes.
- Second, sections in this course are designed almost entirely to teach students how to write a 25-30 page research paper with all of the steps leading to the final version of the paper graded separately. This method has been developed with considerable success by Professor Ron Hassner for a course he regularly teaches at the University of California, Berkeley. I have adapted it for use in this course. In the early weeks of the semester the sections will also go over

the material on macro-economics that are covered in the textbook and that are taught through the cases discussed in Part 1 of the course.

- Interspersed between the 18 cases are 9 lectures designed to reflect on the central theme of the course. Students are expected to meet with the instructor in three of seven “lab” sessions, scheduled on occasional Fridays throughout the semester, to discuss further issues raised in lectures and the assigned readings that accompany those lectures.

In sum, this course seeks to accomplish in a research university what normally occurs in small seminars at liberal arts colleges: teaching students how to argue in class and how to write a substantial research paper.

CREDITS, CLASS PARTICIPATION, RESEARCH PAPER, CASES, GRADING

Credits: This course is offered as a four-credit course. Johnson School students have a choice between taking the full four-credit course or taking either the first (sessions 1-12) or the second (sessions 13-24) half of the course for two credits each. For Johnson School students who are enrolling for the second half of the course I will repeat lectures 2 and 3 in mid-October outside of the normal class schedule.

Class Participation: Successful class participation will require thorough preparation, regular attendance, and active engagement in class discussions. TAs will act as scribes keeping track of the discussion (who speaks) and also record absences. Based on this record you will get occasional updates about your standing for the class participation portions of your grade. If for any reason you are unprepared or unable to attend class, please email me as well as all TAs ahead of time. Failing to do so will be penalized with a negative two participation points. The grading in this course demands sustained, active participation. To draw on the full talent in the course the TAs will set up GUIDES teams who will present the macro-economics of different cases at the beginning of class. Besides the regular class sessions I have scheduled seven “lab sessions,” irregularly scheduled Friday sessions at the normal class time and place. Students are expected to attend at least three of those sessions. Failing to do so will count against the class participation part of the final grade.

Research Paper: The final research paper (25-30 pages, 12 point font, double spaced) will advance an argument on a topic of the student’s choice that draws on the course themes and readings. Starting in week 4, sections will focus largely on the preparation of your research paper.

Case Writing: Johnson School students who take the four-credit course will form teams and write two cases during the full semester; Johnson School students who take the two-credit course will write one case during the half semester. Undergraduates who have taken the sister course (3557) are free to choose between writing a research paper or writing a case. PK will supervise the work of the case writing teams.

Grades: The grade for this course is based on class participation and lab attendance (35%), research paper or case(s) (45%) and section attendance and participation (20%). For students who do not attend section because they are writing case(s) the section participation grade will be added to the class participation and lab attendance grade.

CLASS SCHEDULE

PART 1: BASICS OF MACRO ECONOMICS (GDP, BOP, CURRENT ACCOUNT) AND U.S. PRIMACY

Class #	Class Date	Lecture #	Case #	Reading #
1	08/23	L-1: Introduction	C-1: Chile	R-1-1: Course Overview Note R-1-2: Chile Cases (A) and (B) R-1-3: Anteby R-1-4: Stewart R-1-5: Schumpeter-Economist R-1-6: Moss, Introduction, Chapter 3, Conclusion, Epilogue
2	08/28	L-2: US -- Primed for Primacy?		R-2-1: Katzenstein R-2-2: Economist
3	08/30		C-2: Singapore and National Output	R-3-1: Singapore Case R-3-2: Note on <i>GUIDES</i> R-3-3: Guidelines R-3-4: Moss, chps. 1, 5
4	09/06	L-3: Mapping Regions		R-4-1: Barma et al R-4-2: Chase et al R-4-3: Moss, chp 7
	09/08	<i>Semi-optional Lab Session 1: L-2, L-3 and Readings.</i>		
5	09/11		C-3: Iceland and the Balance of Payments	R-5-1: Iceland Case (A) R-5-2: Iceland Case (B) R-5-3: Moss, chp. 6.
6	09/13		C-4: US Current Account	R-6-1: US Current Account Case R-6-2: Moss, chps. 2, 4

PART 2: RISING POWERS

Class #	Class Date	Lecture #	Case #	Reading #
7	09/18	L-4: China-India		R-7-1: Babones R-7-2: Mehta
<i>09/18: First paper assignment due</i>				
8	09/20		C-5: China (1)	R-8-1: China.
	09/22	<i>Semi-optional Lab Session 2: L-4 and Readings.</i>		
9	09/25		C-6: China (2)	R-9-1: China
10	09/27		C-7: India	R-10-1: India

	09/29	<i>Semi-optional Lab Session 3: L-4 and Readings</i>		
11	10/02	L-5: Russia- Japan		R-11-1: Judah R-11-2: Katzenstein and Weygandt R-11-3: Asher
12	10/04		C-8: Russia	R-12-1: Russia R-12-2: State R-12-3 Tribulation
<i>10/04: Second paper assignment due</i>				
	10/04 <u>Evening</u> <u>Special</u> <u>Time</u>	<i>Semi-optional Lab Session 4: L-5 and Readings</i>		

PART 3: COUNTRIES AND ISSUES

Class #	Class Date	Lecture #	Case #	Reading #
13	10/11		C-9: Japan	R-13-1: Japan
14	10/16	L-6: International Monetary Regimes and Financial Globalization		R-14-1: Eichengreen R-14-2: Wolfe
<i>10/16: Third paper assignment due</i>				
15	10/18		C-10: Malaysia	R-15-1: Malaysia
	10/20	<i>Semi-optional Lab Session 5: L-6 and Readings</i>		
16	10/23		C-11: Indonesia	R-16-1: Indonesia
17	10/25		C-12: Korea	R-17-1: Korea
18	10/30	L-7: Oil and OPEC		R-18-1: Bromley R-18-2: Blackwill and O'Sullivan
19	11/01		C-13: Saudi Arabia	R-19-1: Saudi Arabia
	11/03	<i>Semi-optional Lab Session 6: L-7 and Readings</i>		
20	11/06		C-14: Egypt	R-20-1: Egypt
21	11/08		C-15: Nigeria	R-21-1: Nigeria
22	11/13	L-8: Trade and Aid		R-22-1: Wolfe
<i>11/13: Fourth paper assignment due</i>				
23	11/15		C-16: Mexico	R-23-1: Mexico
	11/17	<i>Semi-optional Lab Session 7: L-8 and Readings</i>		

24	11/20		C-17: Uganda	R-24-1: Uganda
<i>11/20: Fifth paper assignment due</i>				

PART 4: CONCLUSION

Class #	Class Date	Lecture #	Case #	Reading #
25	11/27		C-18: Inequality	R-25-1 Business and Politics in the Age of Inequality R-25-2: Kenworthy
26	11/29	L-9: Conclusion		R-26-1 Graham Greene, <i>The Quiet American</i> -- highly recommended winter break reading and movie watching to compare written and visual story telling; no numbers!
<i>Final paper or case are due at the time of the scheduled time for the final examination (tba)</i>				

LIST OF READINGS

Book (Campus store)

David A. Moss, *A Concise Guide to Macroeconomics*, 2nd ed (Boston: Harvard Business School Press, 2014).

Harvard Business School Cases (Campus store)

Course Overview Note 710-045. January 25, 2013.

Chile's Copper Surplus: The Road Not Taken (A) 710-019. May 15, 2013.

Chile's Copper Surplus: The Road not Taken (B) 710-020. May 15, 2013.

Singapore's "Midlife Crisis"? 9-714-039. February 24, 2015.

GUIDES: Insight through Indicators 710-044. December 19, 2011.

GUIDESlines: Benchmark Values for the GUIDES Framework 711-067. February 18, 2011.

Iceland (A) 709-011. October 22, 2010.

Iceland (B): Redefining Aaa-Rated Sovereigns 709-012. August 29, 2008.

The U.S. Current Account Deficit 706-002. August 25, 2015.

China: "To Get Rich is Glorious" 707-022. April 24, 2013.

China: The New Normal 9-716-080. February 16, 2017.

India 2014: The Challenges of Governance 712-038. April 16, 2015.

Russia: Revolution and Reform 710-030. August 4, 2010.

The State 701-077. March 24, 2001.

Russia: Tribulations and *Toska* N9-716-074. March 28, 2016.

Japan: Betting on Inflation? N9-714-040. February 27, 2014.

Malaysia: Capital and Control 702-040. April 23, 2003.

Indonesia – Unity in Diversity N2-715-35. October 12, 2016.

Korea: The Developmental State 715-047. April 20, 2015.

Saudi Arabia: Finding Stability after the Arab Spring 714-053. February 12, 2015.
Egypt: The End of the Revolution? 9-715-041. April 9, 2015.
Nigeria: Opportunity in Crisis? 9-709-048. August 14, 2009.
Can Mexico Make Democracy Work? 9-714-049. June 30, 2015.
Uganda: The Constitution of Development 9-711-052. March 20, 2011.
Business and Politics in the Age of Inequality 9-715-051. February 17, 2016.

Articles and Book Chapters (Blackboard)

R-1-3: M. Anteby, *Manufacturing Morals*, chp. 4.
R-1-4: J.B. Stewart, "Profit or Loss: How Harvard Business School has Reshaped American Capitalism," *The New York Times Book Review* (April 30, 2017).
R-1-5: Schumpeter, "From Great to Good," *The Economist* (May 6, 2017).
R-1-6: Moss, Introduction, Chapter 3, Conclusion, Epilogue.

R-2-1: P. Katzenstein, *A World of Regions*, chp. 7.
R-2-2: *The Economist*, "Manifest Destiny Warmed Up: America and Empire," (August 16, 2003).

R-3-4: Moss, chps. 1, 5.

R-4-1: Barma, N., E. Ratner and S. Webber, "A World without the West," *The National Interest*, (90): 23-30.

R-4-2: Robert S. Chase, Emily B. Hill, and Paul Kennedy, "Pivotal States and U.S. Strategy," *Foreign Affairs* 75, 1 (January/February 1996): 33-51.

R-4-3: Moss, chp 7.

R-5-3: Moss, chp. 6.

R-6-2: Moss, chps. 2, 4.

R-7-1: Salvatore Babones, "The Middling Kingdom: The Hype and the Reality of China's Rise," *Foreign Affairs* (September/October 2011): 79-88.

R-7-2: Pratap Bhanu Mehta, "How India Stumbled: Can New Delhi Get Its Groove Back?" *Foreign Affairs* (July August 2012): 64-75.

R-11-1: B. Judah, *Fragile Empire*, pp. 1-4, 324-30.

R-11-2: P. Katzenstein and N. Weygandt, "Mapping Eurasia in an Open World: How the Insularity of Russia's Geopolitical and Civilizational Approaches Limit its Foreign Policies.

R-11-3: D.L. Asher, "What Became of the Japanese 'Miracle'?" *Orbis* (Spring 1996): 215-34.

R-14-1: B. Eichengreen, "The Dollar Dilemma," *Foreign Affairs* 88.5 (2009): 53-68.

R-14-2: M. Wolfe, *Why Globalization Works* (New Haven, Conn.: Yale University Press, 2004). chp. 4 ("Cowed by Corporations").

R-18-1: S. Bromley, "Blood for Oil?" *New Political Economy* 11, 1 (September 2006): 419-34.

R-18-2: R.D. Blackwill and M. L. O'Sullivan, "America's Energy Edge: The Geopolitical Consequences of the Shale Revolution," *Foreign Affairs* (2014): 102-14.

R-22-1: M. Wolfe, *Why Globalization Works* (New Haven, Conn.: Yale University Press, 2004), chp. 10 ("Traumatized by Trade").

R-25-2: Kenworthy, "America's Social Democratic Future: The Arc of Policy is Long but Bends toward Justice," *Foreign Affairs* (January/February 2014): 86-100.

COURSE ORGANIZATION AND OBJECTIVES

Part 1 (sessions 1-6) introduces the case method (session 1) and teaches a few of the basics of macro-economics that we shall need using the case method (sessions 2,3,4). The Moss text is lucid and brief -- essential reading for getting us started. I urge you to read all of it before the second class and then reread it for the next sessions as assigned. By the end of the course you will be intelligent consumers of economic news. In addition, Part 1 articulates in two lectures the basic theme of the course: US primacy in a world of regions.

Part 2 (sessions 7-12) examines a number of major powers (China, India, Russia, Japan) through both cases and lectures.

Part 3 (sessions 13-24) studies persistent issues with lectures (on international monetary relations and financial globalization; OPEC and oil; trade and aid) and through the discussion of specific country cases in Africa, Asia, Latin America and the Middle East (Malaysia, Indonesia, Korea; Saudi Arabia, Egypt, Nigeria; Mexico, Brazil, and Uganda).

Part 4 (sessions 25-26) concludes with session 25 addressing the issue of inequality among states and with a final lecture in session 26.

Note on Case Method: Although the case method is used in business and law schools, it has rarely, if ever, been used in undergraduate courses and never at Cornell. I have assigned for the first class a brief description of how the case method works at the Harvard Business School where I learned this pedagogy in the spring of 2014. A case-based approach focuses on key problems and decisions that define a country's experience. By placing students regularly in the position of decision-makers, it also emphasizes different skills than those typified in undergraduate classrooms. Other parts of the cases (as well as lectures) provide a broader analytical and historical context of the different country and issue experiences which this course covers.

Note on Lectures and Lab Sections: Lecture outlines will be posted by dinner time the day before the class meets. Since this is a computer- and cell-phone free class room (see below), please print the outlines and take notes in the margins. Students are expected to attend 3 of 7 "lab" sections to discuss lectures and readings.

Graduate Students and Undergraduate Students who have taken Government 3557: These students have the choice between writing their own research paper or of working in small teams that will produce a case on a topic to be agreed upon with the instructor. The teams will meet with the instructor throughout the

semester on an ad hoc basis. If they chose to write cases they are not required to attend sections after September 17th except for the required 3 of 7 “lab” sections.

All other Students: Undergraduates enrolled in lecture courses at Cornell normally do not write research papers. Writing consists typically of a series of short papers or one 10-12 page final paper. None of this amounts to learning how to write a research paper. Starting in week 4 this course teaches how to write a research paper in a series of discrete steps.

The six steps, outlined briefly below, are described in greater detail in a lengthy, separate document placed on Blackboard. You should print it before your first section as you will use it throughout the semester. (The % figures below refer to the total paper grade, 45% of your total course grade).

Step 1: Specifying the Question: 5%. In one sentence captures the question for your paper as well as a brief (about 5 sentences) explication of why this is an important question for you and your readers. This assignment is due by email to your TA at noon, September 18 (class 7).

Step 2: Literature review: 10%. This eight-page (double-spaced) assignment summarizes existing answers to your question and evaluates their strengths and weaknesses. It is due by email to your TA at noon on October 4 (class 12).

Step 3: Paper outline: 5%. A 2-3 page outline based on the rubrics provided in Step 4. This will be graded P/NP for the full 5% of the grade for this assignment. It is due by email to your TA at noon, October 16 (class 14) .

Step 4: Initial, draft paper: 20%. A completely finished paper, approximately 25-30 double-spaced pages long. Email your paper to your TA by noon on November 13 (class 22). Your TA will distribute each paper to two peer readers.

Step 5: Comments on two peer papers: 10%. While two of your peers will be reading your paper, you will be commenting on the papers of two of your peers. Your goal is to point out strengths in structure and argument as well as weaknesses. This assignment is due by email to your TA at noon on November 20 (class 24).

Step 6: Final, revised paper: 50%. Your final paper should incorporate the comments from your peer readers and those from your TA that you found worthwhile as well as other improvements that you decided to make. Final papers are due by email *and* hard-copy to your TA by the time that the hypothetical exam for this class would have been scheduled (to be announced).

Deadlines: Students who hand in an assignment past its deadline will automatically forfeit 10% of the grade for that assignment; the penalty will increase by 10% increments for every 24 hours that the assignment is late.

Authenticity and Originality: The electronic version will be run through turn-it-in, a special software program that verifies the authenticity and originality of your work.

ELECTRONIC-FREE CLASS ROOM

This course is taught in a computer- and phone-free classroom. The TAs and I will enforce this rule strictly. Please spare all of us the embarrassment of asking you to leave the lecture hall. TAs will decide themselves how to handle this issue in the sections they teach.

GUESTS

This course is open to guests. Please email me ahead of time or alert me before the class starts. If we have a guest I want to be sure that s/he feels welcome. You would briefly introduce the guest; I might have a quip or two; and the welcome would end with the class clapping as a collective sign of welcome.

ACADEMIC INTEGRITY

Each student in this course is expected to abide by the Cornell University *Code of Academic Integrity*. This means that any written work you submit in this course will be your own. The Code of Academic Integrity and Acknowledging the Work of Others is found in the Policy Notebook for the Cornell Community and also on the web at <http://www.cornell.edu/UniversityFaculty/docs/main.html>. An additional document you may want to consult is posted at <http://cuinfo.cornell.edu/Academic/AIC.html>. A Cornell tutorial called Recognizing and Avoiding Plagiarism can be found at <http://plagiarism.arts.cornell.edu/tutorial/index.cfm>. If you are in any doubt about how to cite material that you wish to use please consult your TA. You are required to submit your paper in both hard and electronic form. The electronic version will be run through a special software program, turn-it-in, that verifies the originality and authenticity of your work. By enrolling in this course you grant your permission that the teaching staff can submit your written work to computer programs that check the authenticity and originality of your work. You should also be aware of the fact that you may not turn in the same piece of writing (or part thereof) for credit in multiple classes, either in the same semester or while at Cornell in general.

OTHER UNIVERSITY POLICIES

I respect and uphold Cornell University policies and regulations pertaining to the observation of religious holidays; assistance available to the physically handicapped, visually and/or hearing impaired student; sexual harassment; and racial or ethnic discrimination.

Students with Disabilities: In compliance with the Cornell University policy and equal access laws, I am available to discuss appropriate academic accommodations that may be required for students with disabilities. Students are encouraged to register with Student Disability Services to verify their eligibility for appropriate accommodations. Students seeking accommodations should submit to me an accommodation letter from Student Disability Services within the first two weeks of the semester.

Religious Observances: Students may ask for reasonable and timely accommodations for sincerely held religious beliefs. Please review the syllabus closely to determine if your religion will present any scheduling conflicts with any of the assignments. You must inform me and your TA of any conflicts within the first two weeks of the semester.

Classroom Behavior: Students and faculty each have responsibility for maintaining an appropriate learning environment. We will treat one another with respect and courtesy. Learning can occur only in an environment where everybody feels safe to speak out.

Copyright Material: Whether it is especially marked as copyright material or not, the instructor expressly prohibits students to trade in or sell any of the course material. Such a behavior constitutes a very serious academic misconduct that neither the instructor nor Cornell will tolerate.