RPOS 350 Topics in Comparative Public Policy

Foreign Economic Policy: the Aid Donations, Trade Preferences, and Lending of Industrialized States

Fall Semester 2008
Mondays, Wednesdays and Fridays, 8.15-9.10am in LC0005

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Office Hours:
Contact Office, B16 Humanities, Mon & Wed 9.30-10.30
304 Milne Hall, Tue 4.30-5.30, please email for appointments at other times.

Course Summary:

This class deals with how developed countries behave towards developing countries. Why do industrialized countries feel the need to give grants, loans and special trade preferences to developing countries? What factors determine how these resources are distributed? The course tackles these questions by analyzing some broad themes: part one places the course in the context of a post-9/11 world, part two examines domestic pressure for change, and part three deals with multiple levels of policymaking. Finally, we look at two case studies: the role of foreign economic policy in preventing the spread of AIDS, and how the rapidly expanding Chinese economy is affecting industrialized states. By the end of the course, you should have an appreciation of the underlying structural and cultural differences between modern industrial countries and how these affect the allocation of aid, finance, and trade preferences.

Class Schedule:

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<td>Introduction</td>
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<td>September 1-5</td>
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<td>September 8-12</td>
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<td>September 15-19</td>
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<td>September 22-26</td>
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<td>Officials</td>
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<td>October 6-10</td>
<td>The Welfare State</td>
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<td>October 13-17</td>
<td>Parties &amp; Elections</td>
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<td>October 20-24</td>
<td>Interest Groups</td>
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<td>November 17-21</td>
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What I Expect From You

Please come to class prepared. Readings on this list are assigned for a specific date. There is no one set book to buy for this class, but all readings have been made available online via Blackboard. Please complete the readings and come to class ready to discuss, debate and disagree with the arguments they contain, with your fellow classmates, and me!

We will try to follow current policy developments as much as possible in class, so it is highly recommended that you get into the habit of reading articles on foreign economic policy from quality news sources such as the Financial Times, the Economist, the Nation, the New York Times and the Washington Post, etc. This will help a great deal in getting to grips with the material we cover.

There are no prerequisites for this course. The course is graded A-E. Formal requirements, in addition to full participation in class discussion on the basis of the assigned readings, are:

Quizzes: 40%
3 Response Papers: 30%
Final exam: 25%

Up to 5 points will be awarded for participation in class. This is based upon the quality of contributions to class discussions and group tasks and NOT on attendance.

Quizzes – Random pop quizzes will be given throughout the semester. The questions are based on the readings for each class, requiring short factual answers. Quizzes can ONLY be taken in class! If you miss the class, you miss the quiz. Your top 4 results from these quizzes will count towards your final grade.

3 Response Papers – Please keep these short, no more than 3 pages each, double spaced. The papers should respond to one or more readings from one week of the course, e.g. Aid or Interest Groups, articulating your opinions of the issues they discuss. Papers which refer to good books, articles, news sources or statistical data from outside the reading list in addition to the material we cover in class are likely to gain higher marks. Please write one paper for each section of the course. Papers are due at the beginning of class as follows:

First paper deadline: September 26th
Second paper deadline: October 31st
Third paper deadline: November 24th

Exam – There will be a final exam on Thursday 11th December between 3.30pm and 5.30pm in our usual room. You will be required to answer two essay questions from a choice of 8. The marking criteria for the exam and the other assignments will be discussed in class and made available for you on Blackboard.
The University takes a strong stance against cheating and plagiarism. Students found to have cheated on any assignment or to have plagiarized another’s work will receive an “E” for the entire course. University policies regarding academic integrity may be found at http://www.albany.edu/undergraduate_bulletin/regulations.html.

What You Can Expect From Me

During my weekly office hours I will be available to discuss any queries. If you are having problems with the readings or with following discussions in class, please come and talk to me, sooner rather than later. Similarly, please come and see me at the start of the semester if you require special arrangements for the exam.

Please note if you require special consideration for late papers, missed exams or classes you must first contact the undergraduate dean. I do not give special consideration for late papers or missing the exam without written instructions to do so from the dean. Papers which are late without permission will be graded E.

General Resources – Know Your Stuff!

The Economist, Economics A-Z
http://www.economist.com/research/Economics/

The Financial Times – it helps if you read this every day!
www.ft.com

Office of the United States Trade Representative (USTR)
http://www.ustr.gov/

United States Agency for International Development (USAID) policy papers
http://www.usaid.gov/policy/

World Trade Organisation, “What is the WTO?” online guide to how the WTO works
http://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm

World Bank data and research collection


Dani Rodrik’s (Professor of International Political Economy at Harvard) blog on development and globalization
http://rodrik.typepad.com/

CATO Center for Trade Policy Studies – free trade think tank
http://www.freetrade.org/
Center for Global Development – development policy think tank  
http://www.cgdev.org/

IATP Trade Observatory – articles on trade in agriculture  
http://www.tradeobservatory.org/

International Economic Law and Policy Blog – top economists and lawyers talk trade  
http://worldtradelaw.typepad.com/ielpblog/

Peterson Institute for International Economics – great news and research on finance and trade  
http://www.petersoninstitute.org/

OECD International Development Statistics Online  
http://www.oecd.org/dataoecd/50/17/5037721.htm
PART I: POLICIES

1. Foundations: The Changing Global Economy

Monday 25th August: Introductory Class. In addition to discussing how the course will run, we will talk about stories from last week’s Financial Times, see www.ft.com.

Wednesday 27th August: Guest lecture. Albany’s policy experts introduce you to trade and globalization, part 1.

Friday 29th August: NO CLASS
Monday 1st September: NO CLASS (Labor Day)

Wednesday 3rd September: Guest lecture. Albany’s policy experts introduce you to trade and globalization, part 2.

Friday 5th September: Guest lecture. Albany’s policy experts introduce you to trade and globalization, part 3.

2. Aid…and altruism?

Why haven’t OECD countries delivered on their aid promises? What explains the pattern of aid donations by industrialized countries?

Monday 8th September:
Also, familiarize yourself with the OECD’s Donor Aid Charts, highly recommended for assignments, available at http://www.oecd.org/countrylist/0,3349,en_2649_34447_1783495_1_1_1_1,00.html


3. Trade as Aid? The Doha Development Round

Why did the Doha round become a ‘development’ round? Why is the round failing?

Economics.

**Wednesday 10\textsuperscript{th} September:** Jagdish Bhagwati (2006) “Race to the Center and Other Lessons of Globalization”, Brown Journal of World Affairs, pp271-276


4. **International Finance and Public Debt**

Is debt a problem? If so, how should we solve it? If not, how should we sell it?

**Monday 22\textsuperscript{nd} September:**

**Wednesday 24\textsuperscript{th} September:**
Listen to “The Credit Squeeze Explained” at [http://media.ft.com/cms/c0b7a3f6-6dbf-11dc-b8ab-0000779fd2ac.swf](http://media.ft.com/cms/c0b7a3f6-6dbf-11dc-b8ab-0000779fd2ac.swf)

**Friday 26\textsuperscript{th} September:**

***NO CLASSES BETWEEN SEPTEMBER 29\textsuperscript{th} and OCTOBER 1\textsuperscript{st}***

**PART II: DIFFERENCES**

5. **Officials and Experts**

What role do state officials and ‘experts’ play in forming foreign economic policy?


6. **Capitalism and the Welfare State**
Does a state’s attitude towards domestic welfare affect its foreign economic policy preferences?


7. Political Parties: “It’s the (global) economy, stupid!”
Are trade and aid salient issues in elections? Why or why not? Is this changing?

**Monday 13th October:**
Also, read up on trade and the 2008 election at [http://www.cfr.org/publication/14762/](http://www.cfr.org/publication/14762/)


**Friday 17th October:** Tom Porteous (2005) ‘British government policy in sub-Saharan Africa under New Labour’ *International Affairs*, 81(2)

9. Interest Groups
What are ‘vested interests’ and why do they matter? To what extent can interest group lobbying explain foreign economic policy in industrialized countries?


Also read about the EU’s Civil Society Dialogue: [http://trade.ec.europa.eu/civilsoc/csd_proc.cfm](http://trade.ec.europa.eu/civilsoc/csd_proc.cfm)

Week 9  Social Movements
Why do social movements form to oppose globalization? Who do they represent?


**PART III: CROSSING BORDERS**

**10. Multilevel Policymaking**

How do interest groups and social movements in developing countries exert pressure on the governments of industrialized countries? Where does democratic accountability lie in an increasingly globalized, multilevel system of policymaking?


**11. International Institutions: the World Bank, IMF and the WTO**

Are the international financial organizations fit for purpose? In playing a major role in these institutions, are developed countries fulfilling their responsibility towards developing countries or maintaining control of the global economy?

**Monday 10th November:** Please familiarize yourself with “The WTO in Brief” at [http://www.wto.org/english/thewto_e/whatis_e/inbrief_e/inbr00_e.htm](http://www.wto.org/english/thewto_e/whatis_e/inbrief_e/inbr00_e.htm).


12. Summitry and the G8

Given the recent addition of the ‘plus five’ (India, China, Brazil, South Africa, Mexico) and the Heiligendamm process partners, does the G8 still function? What are the alternatives?

**Monday 17th November:** Hodges, Michael, John Kirton and Joseph Daniels, eds. (1999), *The G8’s Role in the New Millennium*, Aldershot: Ashgate.


13. Case Study One: Aid for AIDS

Should fighting AIDS be the primary objective of international development policy in industrialized countries?

**Monday 24th November:**


14. Case Study Two: Trading with China

Why has the expansion of the Chinese economy caused policy problems in developed countries? How should these problems be addressed?


**Monday December 1st:**

**Week 15 Conclusions**

What has foreign economic policy in industrialized countries achieved for developing countries since Bretton Woods? What has it achieved for industrialized countries?


Millennium Development Goals Report 2007, United Nations