

Political Economy of Finance

PPPE 6368

Spring 2019

F 1:00pm - 3:45pm

JO 4.708

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Office Hours: Thu 4:00pm-5:00pm

Course Description

This course analyzes the Politics of Finance, particularly with respect to Banks, Stock Markets, Exchange rates, and Sovereign Debt. While economic fundamentals and business management are important aspects of financial activities, the role of politics is equally important. For example, when banks need a bail-out after a banking crisis, it is politicians that decide which banks are bailed out and to what terms. Political events such as elections can have major implications for the stock market. Currency wars between countries are instigated on behalf of politicians who want to protect the economic interest of their constituency. Lastly, politicians play a big role in a country's decision to default on its debt. This class provides students with insights into how politics affects finance, and how finance affects politics.

Course Objective

The course objective is to enable graduate students to transition from merely consuming existing academic literature to producing scientific studies themselves. For this reason, the content and teaching of this course are focused on providing students with the opportunities to a) understand and evaluate the choices authors of scholarly work have made in the process of conducting their studies, and b) to design and implement a scientific study themselves.

By the end of this course, students will be able to

- identify an empirical puzzle to motivate their research question
- summarize the existing literature on their research question in the form of competing explanations.
- evaluate the theoretical merit of competing arguments and consequently identify a new (superior) explanation that is currently not represented in the literature.
- create a research design capable of obtaining empirical evidence that allows the student to adjudicate between competing arguments.
- implement the research design to obtain preliminary empirical evidence.

Teaching Method

Issues in political economy often offer no ‘correct’ answer but only a ‘best’ answer that are most appropriate given some criteria by which to evaluate the possible answers. Consequently, this course offers an opportunity to prepare for a career in settings where there are no clear-cut answers either, such as consulting, finance and law. This is also the case if you pursue an academic career where your cutting-edge research will ‘boldly go where no man has gone before.’

I will use teaching methods that will require you to develop skills required to succeed in these settings. For this reason, each class will be divided into two parts. The first part of class will be devoted to a seminar-style discussion of the readings. While I will provide guidance to ensure we get to the main take-away points of this week’s readings, this is a space to explore the arguments presented in the readings as well as the way in which the studies were designed. The second part of class will group involve discussions of your own research. The goal of these discussions is to inform and guide your efforts in creating your own, original scientific work.

I subscribe to these teaching methods not only to prepare you for the workplace, but also from a pedagogical perspective. Research shows that student learning is enhanced by providing active learning opportunities. This implies that you will learn more if I engage you with tasks than if I would simply lecture to you.

Assignments and Academic Calendar

Part 1: Banks

1 (1/18) – no class (SPSA conference)

no readings

2 (1/25) – Banking crises

Required

G X Martinez. The political economy of the Ecuadorian financial crisis. *Cambridge Journal of Economics*, 30(4):567–585, November 2005.

Mark S Copelovitch and David A Singer. Tipping the (Im)balance: Capital inflows, financial market structure, and banking crises. *Economics & Politics*, 107(3):515–30, September 2017.

Recommended

Carmen M Reinhart and Kenneth S Rogoff. Journal of Banking & Finance. *Journal of Banking and Finance*, 37(11):4557–4573, November 2013.

Thomas F Hellmann, Kevin C Murdock, and Joseph E Stiglitz. Liberalization, Moral Hazard in Banking, and Prudential Regulation: Are Capital Requirements Enough? *The American Economic Review*, 90(1):147–165, March 2000.

Asli Demirguc-Kunt and E Detragiache. The determinants of banking crises: evidence from industrial and developing countries. *IMF Staff Papers*, 45(1), 1997.

F Allen and A M Santomero. What do financial intermediaries do? *Journal of Banking and Finance*, 2001.

Takeo Hoshi. Financial Regulation: Lessons from the Recent Financial Crises. *Journal of Economic Literature*, 49(1):120–128, March 2011.

Iain Hardie, David Howarth, Sylvia Maxfield, and Amy Verdun. Banks and the False Dichotomy in the Comparative Political Economy of Finance. *World Politics*, 65(04):691–728, October 2013.

A Crespo-Tenorio, Nathan M Jensen, and G Rosas. Political Liabilities: Surviving Banking Crises. 47(7):1047–1074, May 2014.

Gur Huberman, Tobias Konitzer, Masha Krupenkin, David Rothschild, and Shawndra Hill. Economic Expectations, Voting, and Economic Decisions around Elections. *AEA Papers and Proceedings*, 108:597–602, 2018.

3 (2/1) – Banking regulations

Required

Frances Rosenbluth and Ross Schaap. The domestic politics of banking regulation. *International Organization*, 57(02):307–336, April 2003.

Mark S Copelovitch and David Singer. Financial Regulation, Monetary Policy, and Inflation in the Industrialized World. *The Journal of Politics*, 70(03):663–680, 2008. [pages: 663-670]

B. Mukherjee, V Yadav, and S Bejar. Electoral Particularism, Bank Concentration, and Capital Account Liberalization in Developing Democracies. 47(6):851–877, April 2014.

P Emmenegger. The long arm of justice: US structural power and international banking. *Business and Politics*, 17(3), 2015.

Recommended

Meredith Wilf. Credibility and Distributional Effects of International Banking Regulations: Evidence from US Bank Stock Returns. *International Organization*, pages 1–34, November 2016.

David Andrew Singer. Capital Rules: The Domestic Politics of International Regulatory Harmonization. *International Organization*, 58(03), July 2004.

Stephen Bell and Andrew Hindmoor. Are the major global banks now safer? Structural continuities and change in banking and finance since the 2008 crisis. *Review of International Political Economy*, 25(1):1–28, January 2018.

4 (2/8) – Bank bailouts

⇒ PAPER #1 DUE

Required

Guillermo Rosas. Bagehot or bailout? An analysis of government responses to banking crises. *American Journal of Political Science*, 50(1):175–191, 2006.

Jeffrey M Chwieroth and Andrew Walter. Policy Responses to Banking Crises over the Longer Run. *IPES Conference Paper*, pages 1–69, November 2016.

Pepper D Culpepper and Raphael Reinke. Structural Power and Bank Bailouts in the United Kingdom and the United States. *Politics & Society*, 42(4):427–454, October 2014.

Michael Dorsch. Bailout for sale? The vote to save Wall Street. *Public Choice*, 155(3-4):211–228, October 2011.

Recommended

Cornelia Woll. *The power of inaction: Bank bailouts in comparison*. Cornell University Press, Ithaca, NY, 2014.

Emiliano Grossman and Cornelia Woll. Saving the Banks: The Political Economy of Bailouts. *Comparative Political Studies*, 47(4):574–600, February 2014.

Luca Papi, Andrea F Presbitero, and Alberto Zazzaro. IMF Lending and Banking Crises. *IMF Economic Review*, 63(3):644–691, 2015.

Part 2: Stock Markets

5 (2/15) – Stock Market crashes

Required

Daniel Verdier. Capital Mobility and the Origins of Stock Markets. *International Organization*, 55(02):327–356, 2003.

Pablo M Pinto, Stephen Weymouth, and Peter Alexis Gourevitch. The politics of stock market development. *Review of International Political Economy*, 17(2):378–409, 2010.

David Leblang and Bumba Mukherjee. Government partisanship, elections, and the stock market: examining American and British stock returns, 1930–2000. *American Journal of Political Science*, 49(4):780–802, 2005.

Nathan M Jensen and S. Schmith. Market responses to politics: The rise of Lula and the decline of the Brazilian stock market. 38(10):1245, 2005.

Recommended

Charles P Kindleberger and Robert Z Aliber. *Manias, Panics and Crashes*. A History of Financial Crises, Sixth Edition. Palgrave Macmillan, August 2011. [Chapter 2]

William Bernhard and David Leblang. The Cross-National Financial Consequences of Political Predictability. In *Democratic Processes and Financial Markets: Pricing Politics*. Cambridge University Press, 2006.

William Bernhard and David Leblang. Time, Shares, and Florida: The 2000 Presidential Election and Stock Market Volatility. In *Democratic Processes and Financial Markets: Pricing Politics*. Cambridge University Press, 2006.

William Bernhard and David Leblang. When Markets Party: Stocks, Bonds, and Cabinet Formations. In *Democratic Processes and Financial Markets: Pricing Politics*. Cambridge University Press, 2006.

A L Benton. Do Investors Assess the Credibility of Campaign Commitments?: The Case of Mexico's 2006 Presidential Race. *Political Research Quarterly*, 61(3):403–418, October 2007.

6 (2/22) – Corporate Governance

⇒ PAPER #2 DUE

Required

Marco Pagano and Paolo F Volpin. The Political Economy of Corporate Governance. *The American Economic Review*, 95(4):1005–1030, September 2005.

Rafael La Porta, Florencio Lopez-de Silanes, Andrei Shleifer, and Robert W Vishny. Legal Determinants of External Finance. *The Journal of Finance*, 52(3):1131–1150, July 1997.

Peter A Gourevitch and James Shinn. *Political power and corporate control: the new global politics of corporate governance*. The New Global Politics of Corporate Governance. Princeton University Press, Princeton, NJ, 2005. [Chapter 2]

J W Cioffi and M Hopner. The Political Paradox of Finance Capitalism: Interests, Preferences, and Center-Left Party Politics in Corporate Governance Reform. *Politics & Society*, 34(4):463–502, December 2006.

Recommended

Andrew Kerner and Jeffrey Kucik. The International and Domestic Determinants of Insider Trading Laws. *International Studies Quarterly*, 54(3):657–682, September 2010.

John R Bowman. Corporate Governance and Finance. In *Capitalisms Compared: Welfare, Work, and Business*. CQ Press, August 2013.

G. Van Harten. Private authority and transnational governance: the contours of the international system of investor protection. *Review of International Political Economy*, 12(4):600–623, 2005.

Iain McMenamin. If Money Talks, What Does It Say? Varieties of Capitalism and Business Financing of Parties. *World Politics*, 64(01):1–38, December 2011.

Rafael La Porta, Florencio Lopez-de Silanes, and Andrei Shleifer. The Economic Consequences of Legal Origins. *Journal of Economic Literature*, 46(2):285–332, May 2008.

Raghuram G Rajan and Luigi Zingales. The great reversals: the politics of financial development in the twentieth century. *Journal of Financial Economics*, 69(1):5–50, July 2003.

Glen Biglaiser and David Lektzian. The Effects of Sanctions on Stock Markets in Targeted and Sender Countries. *APSA paper*, pages 1–37, August 2016.

Part 3: Exchange Rates

7 (3/1) – Currency crises

Required

D Campello. The Politics of Financial Booms and Crises: Evidence From Latin America. 47(2):260–286, January 2014.

Thomas B Pepinsky. Do Currency Crises Cause Capital Account Liberalization? *International Studies Quarterly*, pages 1–17, April 2012. young democracies exhibit relatively high probabilities of succumbing to speculative attacks, as the political cost of economic adjustment needed for defense is relatively high for these nascent regimes.

Nam Kyu Kim. Transparency and currency crises. *Economics & Politics*, 30(3):394–422, September 2018.

George E Shambaugh and Elaine B Shen. A clear advantage: The benefits of transparency to crisis recovery. *European Journal of Political Economy*, 55:391–416, December 2018.

Recommended

Jeffrey Frieden. Invested Interests: The Politics of National Economic Policies in a World of Global Finance. *International Organization*, 45(4):425–451, 1991.

David Leblang and Shanker Satyanath. Institutions, expectations, and currency crises. *International Organization*, 60(1):245, 2006.

Rudiger Dornbusch, Ilan Goldfajn, Rodrigo O Valdes, Sebastian Edwards, and Michael Bruno. Currency Crises and Collapses. *Brookings Papers on Economic Activity*, 1995(2):219–293, January 1995. [pages: 219-253]

Benjamin Nyblade and Angela O'Mahony. Playing with Fire: Pre-Electoral Fiscal Manipulation and the Risk of a Speculative Attack. *International Studies Quarterly*, 58(4):828–838, November 2014.

8 (3/8) – Exchange rate regimes

⇒ PAPER #3 DUE

Required

Thomas B Pepinsky. Capital mobility and coalitional politics: authoritarian regimes and economic adjustment in Southeast Asia. *World Politics*, 60(3):438–474, 2008.

Thomas Plümpert and Eric Neumayer. Fear of Floating and de Facto Exchange Rate Pegs with Multiple Key Currencies. *International Studies Quarterly*, 55(4):1121–1142, September 2011.

David H Bearce and M. Hallerberg. Democracy and de facto exchange rate regimes. *Economics & Politics*, 23(2):172–194, 2011.

William Bernhard and David Leblang. Democratic institutions and exchange-rate commitments. *International Organization*, 53(01):71–97, 1999.

Recommended

J Lawrence Broz and Jeffrey A Frieden. The political economy of international monetary relations. *Annual Review of Political Science*, 4(1):317–343, 2001. [322-331]

John R. Freeman, Jude C Hays, and H. Stix. Democracy and Markets: The Case of Exchange Rates. *American Journal of Political Science*, 44(3):449–468, 2000.

Stefanie Walter. Private actor preferences about exchange-rate policy. In Thomas Oatley and William K Winecoff, editors, *Handbook of International Monetary Relations*, pages 169–184. Cheltenham: Edward Elgar, February 2014.

Tanya Bagashka and Randall W Stone. Risky Signals: The Political Costs of Exchange Rate Policy in Post-Communist Countries. *International Studies Quarterly*, 57(3):n/a–n/a, February 2013.

Mark S Copelovitch and Jon CW Pevehouse. Ties that Bind? Preferential Trade Agreements and Exchange Rate Policy Choice. *International Studies Quarterly*, 57(2):385–399, 2013.

J Lawrence Broz. Political system transparency and monetary commitment regimes. *International Organization*, 56(04):861–887, 2003.

William Bernhard, J Lawrence Broz, and W.R. Clark. The Political Economy of Monetary Institutions. *International Organization*, 56(04):693–723, 2003.

Cristina Bodea. Exchange Rate Regimes and Independent Central Banks: A Correlated Choice of Imperfectly Credible Institutions. *International Organization*, 64(03):411–442, July 2010.

9 (3/15) – The value of exchange rates

Required

D A Steinberg and V C Shih. Interest Group Influence in Authoritarian States: The Political Determinants of Chinese Exchange Rate Policy. 45(11):1405–1434, October 2012.

Bumba Mukherjee, Benjamin E Bagozzi, and Minhyung Joo. Foreign Currency Liabilities, Party Systems and Exchange Rate Overvaluation. *IPES Conference Paper*, pages 1–44, November 2014.

Axel Dreher and Stefanie Walter. Does the IMF Help or Hurt? The Effect of IMF Programs on the Likelihood and Outcome of Currency Crises. *World Development*, 38(1):1–18, January 2010.

Weiss Jessica Chen and Wichowsky Amber. External influence on exchange rates: An empirical investigation of US pressure and the Chinese RMB. *Review of International Political Economy*, 25(5):596–623, January 2019.

Recommended

J Lawrence Broz and Jeffrey A Frieden. The political economy of international monetary relations. *Annual Review of Political Science*, 4(1):317–343, 2001.

Stefanie Walter. Private actor preferences about exchange-rate policy. In Thomas Oatley and William K Winecoff, editors, *Handbook of International Monetary Relations*, pages 169–184. Cheltenham: Edward Elgar, February 2014.

J Lawrence Broz, Jeffrey Frieden, and S. Weymouth. Exchange rate policy attitudes: Direct evidence from survey data. *IMF Staff Papers*, 55(3):417–444, 2008.

Patrick J W Egan. The Political Economy of Exchange Rates in an Era of Global Production Chains. *International Interactions*, 43(3):507–536, May 2017.

Jude C Hays, John R. Freeman, and H. Nesseth. Exchange Rate Volatility and Democratization in Emerging Market Countries. *International Studies Quarterly*, 47(2):203–228, 2003.

William Bernhard and David Leblang. Democratic Processes and Political Risk: Evidence from Foreign Exchange Markets. In *Democratic Processes and Financial Markets: Pricing Politics*. Cambridge University Press, 2006.

Will H Moore and Bumba Mukherjee. Coalition Government Formation and Foreign Exchange Markets: Theory and Evidence from Europe. *International Studies Quarterly*, 50(1):93–118, March 2006.

William Bernhard and David Leblang. Polls and Pounds: Exchange Rate Behavior and Public Opinion in Britain. In *Democratic Processes and Financial Markets: Pricing Politics*. Cambridge University Press, 2006.

Krzysztof J Pelc. How States Ration Flexibility: Tariffs, Remedies, and Exchange Rates as Policy Substitutes. *World Politics*, 63(04):618–646, September 2011.

J Lawrence Broz and Seth H Werfel. Exchange Rates and Industry Demands for Trade Protection. *International Organization*, 68(02):393–416, April 2014.

Sainan Huang and Cristina Terra. Exchange Rate Populism. *Economics & Politics*, 28(1):105–132, March 2016.

10 (3/22) – no class (Spring Break)

Part 4: Sovereign Debt

11 (3/29) – Private creditors

Required

Kenneth A Schultz and Barry R Weingast. The Democratic Advantage: Institutional Foundations of Financial Power in International Competition. *International Organization*, 57(1):3–42, February 2003.

Sebastián M Saiegh. Do Countries Have a "Democratic Advantage"? Political Institutions, Multilateral Agencies, and Sovereign Borrowing. 38(4):366–387, May 2005.

Emily Beaulieu, Gary W Cox, and Sebastián M Saiegh. Sovereign Debt and Regime Type: Reconsidering the Democratic Advantage. *International Organization*, 66(04):709–738, October 2012.

Matthew DiGiuseppe and Patrick E Shea. Sovereign Credit and the Fate of Leaders: Reassessing the 'Democratic Advantage'. *International Studies Quarterly*, 59(3):557–570, January 2015.

Recommended

Michael Tomz and Mark L. J. Wright. Empirical Research on Sovereign Debt and Default. *Annual Review of Economics*, 5(1):247–272, November 2012.

Ugo Panizza, Federico Sturzenegger, and Jeromin Zettelmeyer. The Economics and Law of Sovereign Debt and Default. *Journal of Economic Literature*, 47(3):651–698, September 2009. [pages 651-688]

Jeromin Zettelmeyer and Federico Sturzenegger. The Economics of Sovereign Debt and Debt Crises: A Primer. July 2015. [pages: 31-38]

Jeffrey Frieden. *Debt, Development, and Democracy: Modern Political Economy and Latin America, 1965-1985*. Princeton University Press, Princeton, NJ, 1991. [Chapter 3]

William Bernhard and David Leblang. Cabinet Dissolutions and Interest Rate Behavior. In *Democratic Processes and Financial Markets: Pricing Politics*. Cambridge University Press, 2006.

William Bernhard and David Leblang. Bargaining and Bonds: The Process of Coalition Formation and the Market for Government Debt in Austria and New Zealand. In *Democratic Processes and Financial Markets: Pricing Politics*. Cambridge University Press, 2006.

Michael Breen and Iain McMenamin. Political Institutions, Credible Commitment, and Sovereign Debt in Advanced Economies. *International Studies Quarterly*, 57(4):n/a–n/a, April 2013.

R G Gelos, R Sahay, and G Sandleris. Sovereign borrowing by developing countries: What determines market access? *Journal of International Economics*, 83(2):243–254, 2011.

Paul Poast. Central Banks at War. *International Organization*, 69(01):63–95, October 2014.

Michael Allen and Matthew DiGiuseppe. Tightening the Belt: Sovereign Debt and Alliance Formation. *International Studies Quarterly*, 57(4):647–659, October 2012.

Marc Flandreau and Juan H Flores. The Peaceful Conspiracy: Bond Markets and International Relations During the Pax Britannica. *International Organization*, 66(02):211–241, April 2012.

S B Kaplan and K Thomsson. The Political Economy of Sovereign Debt: Global Finance and Electoral Cycles. *The Journal of Politics*, 79(2):605–623, 2017.

Rachel L Wellhausen. Bondholders vs. Direct Investors? Competing Responses to Expropriation. *International Studies Quarterly*, 59(1):750–764, 2015.

12 (4/5) – Bilateral creditors

⇒ PAPER #4 DUE

Required

Bunte, J. (2019) “How Do Developing Countries Decide Between Creditors?” In: Bunte, J. *Raise the Debt: How Developing Countries Choose Their Creditors* Oxford University Press

Brandon J Kinne and Jonas B Bunte. Guns or Money? Defense Cooperation and Bilateral Lending as Coevolving Networks. *British Journal of Political Science*, forthcoming, November 2018.

Pamela Blackmon. Determinants of developing country debt: the revolving door of debt rescheduling through the Paris Club and export credits. *Third World Quarterly*, 35(8):1423–1440, October 2014.

Jonas B Bunte. Sovereign Lending after Debt Relief. *Review of International Political Economy*, 25(3):317–339, 2018.

Recommended

- Thomas M Callaghy. The Paris Club, debt, and poverty reduction: Evolving patterns of governance. In Jennifer Clapp and Rorden Wilkinson, editors, *Global Governance, Poverty and Inequality*, pages 162–184. Routledge, March 2010.
- Andrew M Moravcsik. Disciplining Trade Finance: The OECD Export Credit Arrangement. *International Organization*, 43(1):173–205, January 1989.
- J P Chauffour, C Saborowski, and Ahmet I Soylemezoglu. Trade finance in crisis: should developing countries establish export credit agencies? *World Bank Policy . . .*, pages 1–21, 2010.
- Mario Mansilla, Yo Kikuchi, Jian-Ye Wang, and Siddhartha Choudhury. *Officially Supported Export Credits in a Changing World*. International Monetary Fund, 2005.
- Neslihan Turguttopbas. Export Credit Agency Activities in Developing Countries. *The International Trade Journal*, 27(3):281–319, 2013.
- Christopher Wright. Export Credit Agencies and Global Energy: Promoting National Exports in a Changing World. *Global Policy*, 2:133–143, September 2011.
- Andreas Klasen. The Role of Export Credit Agencies in Global Trade. *Global Policy*, 2(2):220–222, May 2011.
- Marc Auboin and Martina Engemann. Testing the trade credit and trade link: evidence from data on export credit insurance. *Review of World Economics*, 150(4):715–743, May 2014.
- P Egger and T Url. Public export credit guarantees and foreign trade structure: Evidence from Austria. *The World Economy*, 2006.
- Harald Badinger and Thomas Url. Export Credit Guarantees and Export Performance: Evidence from Austrian Firm-level Data. *The World Economy*, 36(9):1115–1130, June 2013.
- Gabriel J Felbermayr and Erdal Yalcin. Export credit guarantees and export performance: An empirical analysis for Germany. *The World Economy*, 36(8):967–999, May 2013.
- Delio E Gianturco. *Export credit agencies: the unsung giants of international trade and finance*. Greenwood Publishing Group, 2001.
- Øygunn Sundsbø Brynildsen. Exporting goods or exporting debts? Export Credit Agencies and the roots of developing country debt. *EURODAD Publication*, pages 1–28, December 2011.
- Baker & McKenzie. Power Shift: The Rise of Export Credit and Development Finance in Major Projects. *Baker & McKenzie Infrastructure Journal*, pages 1–48, November 2013.
- Malcolm Stephens. *The Changing Role of Export Credit Agencies*. International Monetary Fund, May 1999.
- Kevin P. Gallagher and Amos Irwin. China’s Economic Statecraft in Latin America: Evidence from China’s Policy Banks. *Pacific Affairs*, 88(1):99–121, March 2015.
- Mikael Mattlin and Matti Nojonen. Conditionality and Path Dependence in Chinese Lending. *Journal of Contemporary China*, 24(94):701–720, November 2014.
- Gonzalo Escribano. Ecuador’s energy policy mix: Development versus conservation and nationalism with Chinese loans. *Energy Policy*, 57(C):152–159, June 2013.
- Deborah Brautigam and Kevin P. Gallagher. Bartering Globalization: China’s Commodity-backed Finance in Africa and Latin America. *Global Policy*, 5(3):346–352, June 2014.
- Kevin P. Gallagher and Roberto Porzecanski. *The Dragon in the Room: China and the Future of Latin American Industrialization*. Stanford University Press, Stanford, CA, September 2010.
- Kevin P. Gallagher, Amos Irwin, and Katherine Koleski. The New Banks in Town: Chinese Finance in Latin America. *Inter-American Dialogue*, pages 1–40, February 2012.

Daniel Cohen, Pierre Jacquet, and Helmut Reisen. Loans or Grants? *Review of World Economics*, 143(4):764–782, December 2007.

Tito Cordella and Hulya Ulku. Grants vs. Loans. *IMF Staff Papers*, 54(1):139–162, January 2007.

Matthew Odedokun. Multilateral and Bilateral Loans versus Grants: Issues and Evidence. *The World Economy*, 27(2):239–263, 2004.

13 (4/12) – Multilateral creditors

Required

Irfan Nooruddin and Joel W Simmons. The Politics of Hard Choices: IMF Programs and Government Spending. *International Organization*, 60(04):1001–1033, October 2006.

Teri L Caraway, Stephanie J Rickard, and Mark S Anner. International Negotiations and Domestic Politics: The case of IMF labor market conditionality. *International Organization*, 66(01):27–61, 2012.

Stephen C Nelson. Playing Favorites: How Shared Beliefs Shape the IMF’s Lending Decisions. *International Organization*, 68(2):297–328, April 2014.

James Raymond Vreeland. Why do governments and the IMF enter into agreements? Statistically selected cases. *International Political Science Review*, 24(3):321–343, 2003.

Recommended

Randall W Stone. The political economy of IMF lending in Africa. *American Political Science Review*, 98(4):577–591, 2004.

Mark S Copelovitch. Master or servant? Common agency and the political economy of IMF lending. *International Studies Quarterly*, 54(1):49–77, 2010.

Terrence Chapman, Songying Fang, Xin Li, and Randall W Stone. Mixed Signals: Crisis Lending and Capital Markets. *British Journal of Political Science*, (forthcoming), May 2016.

James Raymond Vreeland. The effect of IMF programs on labor. *World Development*, 30(1):121–139, 2002.

Stephanie J Rickard and Teri L Caraway. International Negotiations in the Shadow of National Elections. *International Organization*, 68(03):701–720, July 2014.

Axel Dreher, Jan-Egbert Sturm, and James Raymond Vreeland. Politics and IMF conditionality. *Journal of Conflict Resolution*, 59(1):120–148, 2015.

Christopher Kilby. Journal of Development Economics. *Journal of Development Economics*, 89(1):51–61, May 2009.

Jeffrey M Chwieroth. Professional ties that bind: how normative orientations shape IMF conditionality. *Review of International Political Economy*, 22(4):757–787, August 2015.

Christina J Schneider and Jennifer L Tobin. Interest Coalitions and Multilateral Aid Allocation in the European Union. *International Studies Quarterly*, 57(1):103–114, 2013.

Diego Hernandez and Krishna Chaitanya Vadlamannati. Politics of Religiously Motivated Lending: An Empirical Analysis of Aid Allocation by the Islamic Development Bank. pages 1–49, July 2014.

Paper Workshop

14 (4/19) – Paper workshop 1/3

⇒ PRESENTATION DUE

no readings

15 (4/26) – Paper workshop 2/3

no readings

16 (5/3) – Paper workshop 3/3

no readings

⇒ CONFERENCE SUBMISSION DUE ON 5/10

⇒ PAPER #5 DUE ON 5/10

Structure of Class

Each class has several components:

1. At the beginning of the semester, the class will be divided into four groups of equal size. Prior to each class, each group is assigned two journal articles from the readings assigned that week. Their task is to prepare two short presentations to be uploaded to eLearning by 11:59pm the day prior to class. There are two types of presentations:
 - (a) The first type of presentation introduces the an article. It pays particular attention to a) the motivation for the research question, b) the competing hypotheses examined, c) the choice of, and justification for, the research design, and d) a summary of the findings.
 - (b) The second type of presentation discusses the strengths and weaknesses of the article. This presentation should focus on a) whether the research puzzle is well identified, b) if the competing hypotheses are valid, c) if the choice of methodology is appropriate, d) whether the operationalization of variables is acceptable, and e) whether the findings presented by the authors are credible.
2. Your presentations will be used to motivate the discussion of the readings assigned for that week. We will use the first part of the class time for this discussion. Here we will explore the strengths and weaknesses of each article, always with the intention to draw lessons for your own research projects.
3. After a short break we will change gears in the second part of class: We will think about how the insights from our discussion can be applied to your research projects. In other words, we will have a short paper workshop at the end of each class.
4. I will conclude the class by reviewing the key ‘take-away’ points from this class and provide some guidance regarding the readings for the following week.

Grading Policy

This course will use several types of assignments to assess your learning.

- 5 Papers (5 × 30 = 150 points): The short papers have a word limit of 1000 words each. The four papers will have different foci:
 1. Puzzle, Research question, and significance: The first paper will require you to identify an empirical puzzle that you would like to explain. It will also require you to detail why finding an explanation for the research puzzle is of normative significance.

2. Three hypotheses: The second paper will ask you to identify the two most convincing types of explanations for your puzzle that currently already exist in the literature. In addition, you are will introduce an original third hypothesis that has currently not been suggested by anyone.
 3. Research Design: In the third paper, you will outline your plan for obtaining evidence capable of adjudicating among the competing hypotheses you introduced in the previous paper. You should justify why a particular type of data and a specific methodology are capable of producing such judgements.
 4. Preliminary Analysis: In this paper, you will show your preliminary results. These may be the findings from a statistical analysis, or the empirical results of a structured case study, or the like.
 5. Final paper: The final paper consists of the previous four papers. It also incorporates the feedback that you received on each of the previous papers.
- Group Presentations (20 × 10 points) = 200 points: Each group will have to prepare two short group-presentation each week. The first presentation will introduce an article to class while the second will critically evaluate another article.
 - Research Presentation (50 points): You will present the preliminary results for the puzzle introduced in Paper 1, adjudicating between the three hypotheses identified in Paper 2, using the research design outlined in Paper 3. While the research does not have to be concluded a this time, the presentation of preliminary empirical evidence is expected.
 - Conference abstract (25 points) and submission (25 points): Submission of a proposal based on the research project to an academic conference of your choice. Confirmation of the submission is required.
 - Class Attendance and Participation (50 points): Devoted class participation is essential for this course's success. As such, students' final grades will depend both on the quantity as well as the quality of the contributions during class.

The final course grade calculation therefore consists of the following components:

- Papers: 150 points
- Group presentations: 200 points
- Research presentation: 50 points
- Submitted conference proposal: 50 points
- Class attendance: 50 points
- **Total: 500 points**

Note: Please consider the course policies on late work, missed exams, and grade disputes at the end of this document.

Expectations

What I expect of my students

- Willingness to work: As a general rule, one credit represents three hours of academic work per week (including lectures, laboratories, recitations, discussion groups, field work, study, and so on), averaged over the semester. In other words, you will need to invest time into this course, otherwise the benefits and the grades you will get might not be what you want.
- Classroom etiquette: You are expected to complete the assigned readings prior to the class session for which they are scheduled. Lectures and discussions will not duplicate, but instead will build on, and hence will assume prior familiarity with, assigned readings. Your active, informed and civil participation in discussion and class activities is expected. You are responsible for remaining attentive in class, arriving prepared to discuss course materials, and respecting other members of the class as you and they participate.

What you can expect from the instructor

- I offer a learning environment that challenges you in order to provide opportunities for growth. I will be prepared to the best of my abilities.
- I encourage you to explore your own ideas in response to the assigned tasks. I will be open-minded in responding to your ideas and suggestions. I will offer constructive feedback.
- I am open to constructive feedback from you on my performance. If you have ideas or suggestions, please do not hesitate to discuss them with me. I am committed to make this the best possible classroom experience.

Course Policies

Late work

- Late papers, projects, homework, and other assignments: With regard to papers, projects and other out-of-class assignments, my late-policy is two-fold. First, due dates are due dates. Late work will be subjected to a penalty in the form of points deducted. This deduction will increase exponentially with lateness. More specifically, I will deduct 20% of the points achieved for a 12 hours delay, 50% for 24 hours, and 100% for more than 48 hours. This policy is justified as all deadlines are announced at the beginning of the semester in the syllabus (and the fact that your future boss will not be impressed if you cannot finish work assignments on time). Please note that it is always possible to hand in an assignment early.
- Incomplete coursework: Incompletes will be granted only in the case of documented long-term illness, and if you and I jointly complete the required paperwork with the Undergraduate Associate Dean of EPPS, which is available here:
<http://catalog.utdallas.edu/2013/undergraduate/policies/academic#incomplete-grades>
- Extra credit: Extra credit activities or coursework resubmission will not be permitted. Do your best the first time around.

Academic Misconduct

Students are expected to do their own assigned work. If it is determined that a student has engaged in any form of Academic Dishonesty, he or she may be given an *F* or an *N* for the course, and may face additional sanctions from the University. Academic dishonesty in any portion of the academic work for a course shall be grounds for awarding a grade of *F* or *N* for the entire course.

Sexual Harassment

University policy prohibits sexual harassment as defined in the University Policy Statement (<http://www.utdallas.edu/legal/title9/contactharass.html> and <http://www.utdallas.edu/hrm/er/complaints/harassment.php5>). This is a serious offense, and I feel strongly about addressing it. Complaints about sexual harassment should be reported to the Dean of Students, Office of Student Life, Student Union Room 1, phone 972-883-6391 or email gene.fitch@utdallas.edu. However, I also want you to know that you can also talk to me as well about any issues that come up.

Accommodations for Students with Disabilities

Participants with special needs are strongly encouraged to talk to me as soon as possible to gain maximum access to course information. It is important to me that everyone who wants to take this class is not prevented from doing so due to special needs. University policy is to provide, on a flexible and individualized basis, reasonable accommodations to students who have documented disability conditions (e.g., physical, learning, psychiatric, vision, hearing, or systemic) that may affect their ability to participate in course activities or to meet course requirements. Students with disabilities are encouraged to contact the Office of Student AccessAbility and their instructors to discuss their individual needs for accommodations. The Office of Student AccessAbility is located in SSB 3.200. Staff can be reached at studentaccess@utdallas.edu or by calling 972-883-2098. For more information see <http://www.utdallas.edu/studentaccess/>

Please note, however, that if you have any concerns regarding how special needs might affect the assessment of your performance, you have to talk to me *prior* to the date of the assessment. I cannot make grade adjustments after the fact.

Statement regarding diversity

I strongly believe that diversity is an asset rather than a liability. For one, in a globalized world you will be exposed to people who are different from you. Therefore, it is necessary to recognize that people who are different in almost all cases bring something valuable to the table: Experiences that you can learn from, insights that were not apparent to you, skills that you do not have, or knowledge that you can benefit from. It is my intention to create a learning environment in this class that allows everyone to share their unique strengths. This is not only my personal belief. After all, research shows that the best work is usually produced by groups that combine the different comparative advantages of their group members.

I therefore emphasize that I will welcome anyone to my class, regardless of your sexual orientation, religious observances, political orientation, physical characteristics, cultural background, nationality, or any other characteristic. I recognize that I myself am not perfect, but I promise you to make every effort. If you have any concerns with respect to your acceptance in the classroom I strongly encourage you to talk with me.

Technology in the classroom

Laptops are allowed and even encouraged in the classroom. Bring yours to classes, as we will frequently use it for group activities and short in-class writing assignments. However, I do expect you to use the laptop for activities related to the class only. That is, no gaming, no facebook, no emails, no chatting. I reserve the right to administer sanctions if your behavior does not align with these expectations.

However, any other technological items such as cell phones, Ipods, MP3 players, pagers, and PDAs need to be turned OFF during class. That's right: turn it off, rather than just setting it to vibrate. The purpose for this policy is that I want to minimize distractions during class. I do want you to be focused on the learning activities that will be going on. If I notice that you are not paying attention but instead are focused on your cell phone I reserve the right to do something about it.

Further, you are not allowed to make video- or audio-recordings of the classes without my prior permission. I reserve the right to legal action in case I observe you doing so. The reason why the dialogue between professors and students should stay within the closed community of the classroom is simple.

After all, academic freedom and completely honest communication in the classroom requires a certain degree of privacy for all the people in the classroom. Students and teachers alike need to be able to be frank, and they need to express their emotions honestly. A video- or audio recording will seriously impede the willingness of students to come forward and engage in an open and honest discussion.

UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

The descriptions and timelines contained in this syllabus are subject to change at the discretion of the Professor.