

<b>Course</b>	The Impact of Government	<b>Number/Section</b>	EMBA 840
<b>Semester/Year</b>	Spring, Module 4, 2015	<b>Schedule</b>	Feb 20, 21; Mar 20, 21; Apr 10,11
<b>Instructor</b>	James Raymond Vreeland		
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**Course Description:**

- This course addresses a basic question: *What is the impact of the state on the economy?* As such, it is a course in “political economy.” If economics is the study of the production, distribution, and consumption of scarce resources, “political economy” considers the role that the state plays in such production, distribution, and consumption.

We will use the analytical tools of political science in this course and take an “institutional” approach to the above question, by examining the set of rules and organizations that regulate the economy. In other words, we will address the following question: *What role do domestic, foreign, and international political institutions play in the economy?* A major take-away from the course is that the ways in which governments regulate the economy depend in part on their institutional context.

The key domestic institution we will focus on is **political regime** (either **democratic** or **authoritarian**). Beyond this basic dichotomy, we will consider further distinctions across subsets of these regimes, focusing on the key “**veto players**” in policy making.

We will also consider the interaction of domestic institutions with foreign governments and international organizations. A key foreign institution that we will address is the **exchange rate regimes** of other countries. International organizations that we will consider include the International Monetary Fund, the United Nations, and the European Union.

**Course Objectives:**

- The objective of this course is to teach students to think systematically about how political institutions – domestic, foreign, and multilateral – influence the political economy of the various countries where they may do business.

### Pre-requisite Coursework:

- See EMBA curriculum.

### Required reading materials (available on Blackboard):

- NOTE: Readings will be added given developments in the global economy. Links to these readings will be emailed to students through Blackboard. (Most likely, the readings will come from the *Financial Times*. Students who do not have a subscription may wish to sign up for a low-cost trial subscription. The *FT* is the best newspaper for international political economy.)
- Bernard, Andrew B. and Meghan R. Busse. 2004. Who Wins the Olympic Games: Economic Resources and Medal Totals. *Review of Economics and Statistics* 86 (1):413-417.  
<http://www.mitpressjournals.org/doi/abs/10.1162/003465304774201824>
- Broz, J. Lawrence and Maliniak, Daniel, Malapportionment, Gasoline Taxes, and Climate Change (August 25, 2010). APSA 2010 Annual Meeting Paper. Available at SSRN:  
<http://ssrn.com/abstract=1642499>
- Kuziemko, Ilyana and Eric Werker. 2006. How much is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations. *Journal of Political Economy* 114 (5):905-930.  
<http://www.journals.uchicago.edu/doi/abs/10.1086/507155>
- Lipsy, Phillip Y. 2003. Japan's Asian Monetary Fund Proposal. *Stanford Journal of East Asian Affairs* 3 (1):93-104. <http://www.stanford.edu/group/sjeaa/journal3/japan3.pdf>
- McNamara, Kathleen R. 2008. A rivalry in the making? The Euro and international monetary power. *International Political Economy* 15 (3):439-459.  
<http://www.informaworld.com/smpp/content~content=a795346986~db=all~jumptype=rss>
- Nooruddin, Irfan. 2014. Leadership and Mandates: India's Prospects for Economic Reforms under Narendra Modi. *Georgetown Journal of International Affairs* Fall/Winter: 123-126.  
<http://t.co/5aBfH5uzmf>
- Przeworski, Adam and Fernando Limongi. 1997. Modernization: Theories and Facts. *World Politics* 49 (2): 155-183. <http://www.jstor.org/stable/25053996>
- Vreeland, James Raymond. 2007. *The International Monetary Fund: Politics of Conditional Lending*. New York: Routledge. Chapter 1. <https://campus.georgetown.edu>

### Some students ask for book recommendations for their summer reading. Here's a short list:

- Diamond, Jared. 1999. *Guns, Germs, and Steel: The Fates of Human Societies*. W. W. Norton & Company.
  - An explanation of the global pattern of economic development and power.

- Eichengreen, Barry. 1996. *Globalizing Capital: A History of the International Monetary System*. Princeton, NJ: Princeton University Press.
  - An explanation of international financial flows.
- Przeworski, Adam, Michael Alvarez, José Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Regimes and Economic Well-being in the World, 1950-1990*. New York: Cambridge University Press.
  - An explanation of political regimes and their economic consequences.
- Vreeland, James Raymond and Axel Dreher. 2014. *The Political Economy of the United Nations Security Council: Money and Influence*. New York: Cambridge University Press.
  - A riveting true tale of international intrigue backed by rigorous social science. A sure page-turner.
- Vreeland, James Raymond. 2003. *The IMF and Economic Development*. New York: Cambridge University Press.
  - Recommended both for students seeking more knowledge about the IMF and for people who have trouble sleeping. Has been recommended as a non-narcotic alternative sleep-aid.

### Academic Integrity

All students are responsible for adhering to the guidelines outlined in the MSB MBA Academic Integrity System. Violations of the system will be reported to the Academic Integrity board for review. Students who are unclear on the details of the system should consult their professor and/or program office.

### Grading Framework:

Participation	20%
Writing assignment	80%

- The course will be curved so that the class-average will be \*no higher\* than 3.3 (B+).
- Participation will be graded according to the 3.3 (B+) curve. Students with perfect attendance, who pay attention in class, and do not disrupt the class can expect a B+. Students who provide exceptional answers to questions posed in class may receive higher than B+. Note: Quality is judged – not quantity.
- The writing assignment average is also set at the B+ level. So, if you receive a B+, you have done a good job! It means that your assignment is about at the same level as most of the others in the class. Since you are part of a strong Georgetown program, you should feel good about this. It means that you answered all aspects of the questions posed in the assignment. It also means that your writing style was strong and that you supplied sufficient references. If you receive a grade below B+, something went wrong. In many cases, the referencing is inadequate or the writing style is weak. In some cases, assignments fail to address certain aspects of the questions posed. If, on the other hand, you receive a grade higher than B+, then you really did an amazing job. In these cases, the writing style is superb, and at least one aspect of the paper really stands out from the crowd. These assignments also supply impeccable references.

## Learning Methodology

The 12 class sessions for this course are densely packed over a short time period while the students simultaneously take other courses. We will, therefore, use multiple methods to reinforce the main take-away messages of the course.

- Doing the **readings** prior to class will help the students follow and participate in the class sessions.
- Class sessions will combine a mix of **lecture** and **seminar** style, with **puzzles** for the students to grapple with as a group. Class notes will be made available to students *after* each session. The reason to provide the notes only after class is to keep students engaged in an *active learning mode*. The notes include puzzles, questions, and answers. It is important for students not to be able to see the answers to puzzles until we have struggled through them as a group.
- **Music** will be employed before class and during breaks to reinforce key lessons. A key theme for the course will be Adele's "Rolling in the Deep." We will also reference "The Dark Knight Theme" by Hans Zimmer, "Stay Together" by 2NE1, "Let's Stay Together," by Al Green, "One Love" and "No Woman No Cry" by Bob Marley, and, importantly, "Highway to Hell" by ACDC.
- The course will also refer to several **movies** to illustrate in dramatic fashion some key lessons. Familiarity with *The Godfather* could prove useful, if you're looking for a relaxing way to prepare for class. Other movies that may come up in class include *Invictus*, *The Dark Knight*, *The Whistleblower*, and *Goodfellas*.

## Expectations

- Exceptional students will read all of the required readings before class. Classes will start and end on time. Please arrive and be ready on time, and please do not leave the room during the class. **Please turn off cell phones.**

## Laptop policy

- Use them!

## Attendance and participation policy

- Yes!

**Course Schedule:**

<b>Class</b>	<b>Date</b>	<b>Topics Covered</b>	<b>Required Reading/Assignments Due</b>
1	Feb 20, 8–9:30am	<ul style="list-style-type: none"> <li>All politics is local... even when it's not!</li> <li>Domestic political institutions and their impact on foreign exchange rates</li> </ul>	<ul style="list-style-type: none"> <li>Vreeland, James Raymond. 2007. <i>The International Monetary Fund</i>. New York: Routledge. Chapter 1</li> <li>Music: "Rolling in the Deep," Adele</li> </ul>
2	Feb 20, 9:45–11am	<ul style="list-style-type: none"> <li>International institutions: What is the IMF?</li> </ul>	<ul style="list-style-type: none"> <li>Music: "A Dark Knight," Hans Zimmer</li> </ul>
3	Feb 21, 2:15–3:45pm	<ul style="list-style-type: none"> <li>Where do domestic political institutions come from?</li> </ul>	<ul style="list-style-type: none"> <li>Przeworski, Adam and Fernando Limongi. 1997. Modernization: Theories and Facts. <i>World Politics</i> 49 (2): 155-183.</li> </ul>
4	Feb 21, 4–5:30pm	<ul style="list-style-type: none"> <li>Which countries have more stable policies?</li> </ul>	<ul style="list-style-type: none"> <li>Nooruddin, Irfan. 2014. Leadership and Mandates: India's Prospects for Economic Reforms under Narendra Modi. <i>Georgetown Journal of International Affairs</i> Fall/Winter: 123-126. <a href="http://t.co/5aBfH5uzmf">http://t.co/5aBfH5uzmf</a></li> </ul>
5	Mar 20, 8–9:30am	<ul style="list-style-type: none"> <li>What makes for the best country? Who wins international competitions?</li> </ul>	<ul style="list-style-type: none"> <li>Bernard, Andrew B. and Meghan R. Busse. 2004. Who Wins the Olympic Games: Economic Resources and Medal Totals. <i>Review of Economics and Statistics</i> 86 (1):413-417.</li> <li>Music: "Waka Waka (This Time for Africa)," Shakira</li> </ul>
6	Mar 20, 9:45–11am	<ul style="list-style-type: none"> <li>Culture vs. Institutions</li> </ul>	<ul style="list-style-type: none"> <li>Broz, J. Lawrence and Maliniak, Daniel, Malapportionment, Gasoline Taxes, and Climate Change (August 25, 2010). Available at SSRN: <a href="http://ssrn.com/abstract=1642499">http://ssrn.com/abstract=1642499</a></li> <li>Music: "Crash Soundtrack - Sense of Touch," <a href="https://www.youtube.com/watch?v=JqUDeBPTouU">https://www.youtube.com/watch?v=JqUDeBPTouU</a></li> </ul>
7	Mar 21, 2:15–3:45pm	<ul style="list-style-type: none"> <li>Money &amp; Politics on the International Stage</li> </ul>	<ul style="list-style-type: none"> <li>Kuziemko, Ilyana and Eric Werker. 2006. How much is a Seat on the Security Council Worth? <i>Journal of Political Economy</i> 114 (5):905-930. <a href="http://www.journals.uchicago.edu/doi/abs/10.1086/507155">http://www.journals.uchicago.edu/doi/abs/10.1086/507155</a></li> <li>Music: "The Godfather Waltz," Nino Rota</li> </ul>
8	Mar 21, 4–5:30pm	<ul style="list-style-type: none"> <li>Much Ado About Something? Government Policy and Economic Growth</li> </ul>	<ul style="list-style-type: none"> <li>Music: "World, Hold On (Children of the Sky)," Bob Sinclar</li> </ul>
9	Apr 10, 8–9:30am	<ul style="list-style-type: none"> <li>The Impact of Government: Why do governments cooperate?</li> </ul>	<ul style="list-style-type: none"> <li>Music: "Highway to Hell," ACDC</li> </ul>
10	Apr 10, 9:45–11am	<ul style="list-style-type: none"> <li>Micro-level politics on the path to the euro</li> </ul>	<ul style="list-style-type: none"> <li>McNamara, Kathleen R. 2008. A rivalry in the making? The Euro and international monetary power. <i>International Political Economy</i> 15 (3):439-459. <a href="http://www.informaworld.com/smpp/content-content=a795346986-db=all-jumtype=rss">http://www.informaworld.com/smpp/content-content=a795346986-db=all-jumtype=rss</a></li> <li>Music: "The Final Countdown," Europe</li> </ul>
11	Apr 11, 2:15–3:45pm	<ul style="list-style-type: none"> <li>The historic legacy of the slave trade: economic transaction costs in Africa</li> <li>The promise and peril of national independence</li> <li>Winning political campaigns &amp; "multivocality"</li> </ul>	<ul style="list-style-type: none"> <li>Music: All Bob Marley:</li> <li>"I Shot the Sheriff," "Buffalo Soldier," "Redemption Song," "Zimbabwe," "One Love," "War," "No Woman," "No Cry (Fugees)," "Killing me softly (Fugees)," "No, Woman, No Cry"</li> </ul>
12	Apr 11, 4–5:30pm	<ul style="list-style-type: none"> <li>Review of classes 3 &amp; 4: Domestic political institutions and policy stability</li> </ul>	<ul style="list-style-type: none"> <li>Closing credits: "Dark Knight Rising," Hans Zimmer</li> </ul>

## ASSIGNMENT FOR THE IMPACT OF GOVERNMENT

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E-mail: [james.raymond.vreeland@gmail.com](mailto:james.raymond.vreeland@gmail.com)

### Short Paper (80%):

- **Each student will submit a three page paper on an assigned question. (It's ok to go over by one page – but no more. So, 4 page absolute maximum of writing. Optional tables/figures are welcome and don't count against the limit)**
- **Paper should have 1 inch margins, be double-spaced, and have 12-point font.**
- The paper is due \*\*\*.
- **The grade partly depends on how well-referenced the paper is SHOW ME REFERENCES IN THE TEXT (endnotes are fine) AND FULL CITATIONS AT THE END– include a reference section!)**

**The assignment:** Consider all of the countries around the world currently under arrangements sponsored by the International Monetary Fund (IMF). This web-page presents a convenient visual list: <http://www.imf.org/external/np/exr/map/lending/index.htm>. **Choose one country currently participating in an IMF program.**<sup>1</sup> Address the following questions:

- (1) What are the ostensible economic reasons for the arrangement?
- (2) What is the size of the loan? What are some of the policy conditions attached to the loan? (See the Letter of Intent for the arrangement – search “country name + letter of intent” at [www.imf.org](http://www.imf.org).)
- (3) What is the international political context of this country? Is the country important to any of the major shareholders of the IMF? If so, how (militarily strategic, economic, position on the international stage)? If not, why not?
- (4) What are the implications of international politics on the likelihood of compliance with the policy conditions attached to the arrangement?
- (5) Describe the domestic political institutions in the country. Is the country democratic or authoritarian? Who are the key “veto players” when it comes to policy change? **What are the *policy preferences* of the various political actors with respect to the conditions? Who wins and who loses if the government complies with IMF conditionality? How might compliance impact the survival of the government in office?**
- (6) How do the domestic political preferences and political institutions impact the likelihood of compliance with the policy conditions attached to the arrangement?

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<sup>1</sup> You may consider SBA, PLL, SBA/EFF, or Concessional (ECF, SCF, RCF) programs. You may also consider FCL programs, but be careful; they have no ex post conditionality – only “pre-conditionality.”

## IMPORTANT TIPS ON REFERENCING:

### CITATIONS

When in doubt, cite. You should attribute any facts that you report to the source where you found it. I never see papers with too many citations. I often see them with too few.

### USE PROPER CITATIONS

URLs are not proper citations. You should use a recognized style. I don't care what style you choose (Chicago, APA, MLA, etc...), but the citation should include (1) the author name(s), (2) year of publication, (3) title, (4) journal title, volume, and pages (if an article), (5) place of publication and publisher (if a book).

If the author is the organization that also published the source, it is appropriate to list it twice. For example,

IMF. 2013. *Annual Report*. Washington, DC: International Monetary Fund.

**To save space, you can use endnotes, placing the references at the end of the document – I will not count the endnotes as part of the total number of pages.** If you prefer the social science citation style – where you insert the author last-name and year at the end of a sentence – you can provide a list of the full references at the end of the document. **This reference list will not count towards the total number of pages.**

Do NOT use Roman numerals to number endnotes (if you use endnotes). I know that this is the default in Microsoft Word, but it looks, frankly, terrible. So please change the endnote style from Roman to Arabic numerals.

**When citing a specific fact or idea from a source, please include the page number(s). (You may omit the page number only when citing the *main idea* of an article or book, as it is described in the abstract or summary of the source.)**

PLEASE INCLUDE YOUR NAME ON THE PAPER – *\*inside\* the document itself.*

**Finally, please use the following naming convention for the file that you email me (just make sure the name of the file begins with “EMBA840\_”:**

**EMBA840\_Lastname.doc, EMBA840\_Lastname.docx, or EMBA840\_Lastname.pdf**