



Boston University Study Abroad  
Boston University Washington, DC Programs

**CAS IR 324 / PO 280 AMERICAN POLICY MAKING  
IN THE GLOBAL ERA:  
International Trade, Finance, Innovation, and the Global Corporation**  
*Spring 2016*  
*Dr. Kent Hughes (kent.hughes@wilsoncenter.org)*

**This course meets Thursday evenings from 6:30-9:30; office hours by appointment.**

**Course Objective:**

*American Policy Making in the Global Era* will concentrate on American international economic decision-making in a rapidly changing global economy. The student will be taught an overview of current theories of International Political Economy and useful background in the key areas of trade, finance, and the development of global corporations.

At the end of World War II, the United States stood alone as an industrial power. Europe, Japan, and the Soviet Union had seen much of their industry and much of their infrastructure destroyed. While America took on a global role, the American economy was largely independent of international economic events. That is no longer true.

The intent of the course is to help you put the Washington debate in a truly global context. During your semester in Washington, you as a student will be involved in helping make policy, immersed in discussions about policy and policy making as well as reading and hearing about policy in virtually every form of media. Much of that debate will be about or influenced by global economic events.

The aim of the course is to give you an overview of international political economy while also presenting the many factors that influence international decision making in Washington.

**Course Requirements:**

The course will meet on Wednesday evenings from 6:30-9:30. The initial classes will focus on different perspectives on International Political Economy and America's major yet changing role in the global economy. Each session will open with a 90 minute lecture that will include time for questions. The second half of the class will be devoted to discussion or, on occasion, *individual student presentations followed by class discussion*.

Requirements for the course will consist of **three (3) writing assignments, class discussion, student presentations,** and a **take home final exam.** The first writing assignment will consist of an advocacy piece, Op-ED or editorial that deals with a specific aspect of America's role in the global economy. *This assignment will be 700 words in length, the standard set by major newspapers or standard publications.* The second writing assignment will be a short paper (not more than 10 pages) on U.S. strategy for the global economy. The third writing assignment will be a briefing memo for key congressional or executive branch official (or for an international organization) on some aspect of U.S. global economic policy. *The briefing memo should be no more than four (4) pages in length.*

All papers are due on the assigned date, and should be printed and stapled. Where a word limitation is involved, the student must put the word count at the end of the essay or exam answer.

The final exam will ask you to apply your semester's learning to a series of problems in specific international economic policies and how they can best be pursued in the current Washington context. *Some questions will call for answers limited to 500 words or fewer while others may allow for as many as 1,000 words.*

#### **Grading Distribution:**

Class Participation	15%
Op-Ed Piece	15%
Short Paper	25%
Briefing Memo	20%
Final Exam	25%

#### **Attendance:**

Students are expected to attend class – discussion is an important part of the learning experience and also forms part of the grade. *The class presentations noted below will be part of the class participation grade.*

#### **Academic Integrity:**

Please read the Boston University Academic Conduct Code. Handing in someone else's work or ideas as your own (even if you worked on it together as a group) constitutes plagiarism, as does using someone's ideas in your paper, even if you do not quote the text word-for-word. I will go over in class the correct procedures for quoting and referencing the work of others. If you have any questions, please ask. Any infraction **must** be reported.

See details here: [www.bu.edu/academics/policies/academic-conduct-code/](http://www.bu.edu/academics/policies/academic-conduct-code/)

#### **About the Instructor:**

Kent H. Hughes is a scholar at the Woodrow Wilson Center for International Scholars and its former director of Program on America & the Global Economy. He is a trained economist and

lawyer with over four decades of experience in government and policy in the nation's capital. Prior to Wilson, he served as Associate Deputy Secretary at the U.S. Department of Commerce, president of the private sector Council on Competitiveness and in a number of senior positions with the U.S. Congress. Prior to his time on Capitol Hill, Kent served as staff attorney for the Urban Law Institute and was a Legal and Teaching Fellow in Brazil where he worked on a reform of Brazilian legal education. He holds a Ph.D. in Economics from Washington University (St. Louis), a LL.B. from Harvard Law and a BA in Political & Economic Institutions from Yale.

### **Texts/Readings:**

Reading will be taken primarily from five (5) texts:

*International Political Economy: Perspectives on Global Power and Wealth*, by Jeffrey A. Frieden, David A. Lake, and J. Lawrence Broz, W.W. Norton & Company, New York, 2010 (**Referred to as F/L/B**)

*The Political Economy of International Relations*, by Robert Gilpin, Princeton University Press, Princeton, New Jersey 1987

*Red Ink: Inside the High Stakes Politics of the Federal Budget*, by David Wessel, Crown Publishing, New York, NY 2012

*American Trade Politics (Fourth Edition)*, by I.M. Destler, Institute for International Economics, Washington DC, June 2005

*Competition of Ideas: The World of Washington Think Tanks*, by Murray Weidenbaum, Transaction Publishers, New Brunswick, N.J. 2009

Handouts will supplement the required readings as appropriate and will be intended to prompt the application of classroom material to specific problems of the day.

Newspaper, magazine articles, and relevant blogs will be added to class readings in response to shifting international economic challenges.

## **THE COURSE WEEK BY WEEK**

### **Week 1 Introduction and Overview of the Course**

*Topic: How American policy has been influenced by the impact of the changing global economy in the Post-World War II era.*

Week 2      **Theories of IPE and Perspectives on IPE**

Robert Gilpin, *The Political Economy of International Relations*, Chapter 1 (“The Nature of Political Economy” and “Three Ideologies of Political Economy” pp. 1-64

Jeffrey A. Frieden, David A. Lake, and J. Lawrence Broz, *International Political Economy: Perspectives on Global Power and Wealth*, Introduction, pp. 1-19

*Topic: Different theories of political economy and what they suggest about the US role in the global economy.*

Week 3      **The Institutions and Structure of the World Economy**

Benn Steil, *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White, and the Making of a New World Order*, Council on Foreign Relations Book, Princeton University Press, Princeton, N.J., February 2013, Chapter 1 (Introduction) pp. 1-8; Chapter 8 (History is Made) pp. 201-250; Chapter 11 (Epilogue) pp. 330-348

I.M. Destler, *American Trade Politics, 4<sup>th</sup> Edition*, Chapter 3, “Tougher World: Changes in the Context of Trade Policy,” pp. 41-63

Kent H. Hughes, *Trade, Taxes, and Transnationals: International Economic Decision Making in Congress*, Praeger Publishers, October 1979 Chapter 2 (pp. 16-50) and Chapter 10 (pp. 203-224)

Zachary Laub, *The Group of Seven \*G7*, Council on Foreign Relations, May 9, 2014. (pp 1-5)

Rebecca M. Nelson, *The G-20 and International Economic Cooperation: Background and Implications for Congress*, Congressional Research Service, R40977, November 7, 2013. (pp. 1-13)

*Topics: The evolution of the international economic institutions. The role of the U.S. in establishing and continuing to influence global governance.*

Week 4      **The American Economy in a Changing World**

Kent Hughes, *Building the Next American Century: The Past and Future of American Economic Competitiveness*, Woodrow Wilson Center Press, Washington, DC, 2005, Chapter 1 (From Effortless Growth to the Era of Stagflation) pp. 15-27

Fareed Zakaria, *The Post-American World*, W.W. Norton & Company, New York, NY, 2008 Chapters 1 and 2, pp. 1-48

**Class Presentations/Discussion on America in a Global Era**

*Topics: How the Post-World War II global economy has shaped and been shaped by American policy. The political and economic implications for the United States of growth and innovation in the advanced and emerging market economies.*

Week 5

**Is There a Dragon at the Door?**

Zakaria: Chapter 4 (The Challenger), pp. 87-128

Richard N. Haass, *Foreign Policy Beings at Home*, China's Rise, pp. 31-37

F/L/B Chapter 22, Richard B. Freeman, "Are your wages set in Beijing?" (pp 393-403)

David Shambaugh, *China's Communist Party: Atrophy and Adaptation*, Woodrow Wilson Press, Washington DC, Chapters 4, 5, (pp. 41-103) and 8 (pp. 161-181)

**Class Presentations/Discussion: The Challenge of China**

*Topics: The change in China since the end of the Mao era. What is China's global economic strategy? How has China's rise affected policy making?*

**Due: Op-Ed on U.S. International Policy in the Global Era**

Week 6

**Is America on Britain's Path to Decline?**

Aaron L. Friedberg, *The Weary Titan: Britain and the Experience of Relative Decline 1895-1905*, Princeton University Press, Princeton, NJ 1988, Chapter 6 (Change, Assessment, and Adaptation) and Chapter 7 (Britain and the Experience of Relative Decline). pp. 279-304

Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict From 1500 to 2000*, Random House, New York, NY, 1987, Introduction pp. xv-xxv, and Chapter 8 (The Twenty-first Century) pp. 438-438-535

F/L/B Chapter 8 David A. Lake, "British and American Hegemony Compared" (pp. 139-156)

*Topics: How did Britain's economic and geopolitical choices contribute to Britain's relative decline? How different is the American position? How did the impact of the World Wars affect the US and Britain? Has the US adopted policies that will avoid the choices that Britain made?*

Week 7

**The Federal Budget Process: How much for Guns? How much for Development? Budgets for Trade: Negotiation, Promotion, and Enforcement**

*Red Ink: Inside the High-Stakes Politics of the Federal Budget*, by David Wessel, Crown Publishing, New York, NY, 2012  
Chapter 2 (pp 33-68) and Chapter 5 (pp 129-162)

Susan B. Epstein, Alex Tiersky, Marian L. Lawson, *State, Foreign Operations, and Related Programs: FY 2014 Budget and Appropriations*, Congressional Research Service, R 43043, January 16, 2014 (pp. 1-22)

Pat Towell and Amy Belasco, *Defense: FY 2014 Authorization and Appropriations*, Congressional Research Service, R43323, January 8, 2014 (pp. 1-19)

*Topics: How the Executive Branch and the Congress shape the national budget. How global events affect budget priorities and deliberations.*

Week 8

**U.S. International Trade in the Global Era**

F/L/B Chapter 23, Alan V. Deardorf and Robert M. Stern, "What You Should Know About Globalization and the World Economy" (pp. 404-421)

I.M. Destler, *American Trade Politics*, Chapter 3 "A Tougher World: Changes in the Context of Trade Policy", pp. 41-64

William Krist, *Globalization and America's Trade Agreements*, Woodrow Wilson Center Press, Washington, DC 2014, Chapter 4 ("Trade Agreements and US Commercial Interests, pp. 95-141 and Chapter (Foreign Policy: The Other Driver), pp. 132-155

Kent Hughes, "Leveling the Playing Field for US Trade with Asia", Wilson Center Briefs, March 2014. (pp. 1-6)

Class Presentation/Discussion: The Structure of International Economic

*Topics: How US domestic and international policy has reflected the growing importance of the global economy? How does or should US policy respond to the East Asian Miracle approach to growth and the added challenge of state capitalism?*

Week 9

**Today's Trade Challenges: TTP, TTIP, and TPA**

William Krist, "The Trans-Pacific Partnership Negotiations: Getting to an Agreement", Wilson Center, 2013

I.M. Destler, Appendix A "Trade Promotion Authority the Bargain that Wasn't", pp. 331-342

Kent Hughes, "American Trade Politics: From the Omnibus Trade and Competitiveness Act of 1988 to the Trade Act of 2002", Woodrow Wilson Center, Washington D.C. (pp. 1-23)

Kent Hughes, "The Other Deficit – the International One – and How to Shrink it, Wilson Center Issue Brief, 2014. (pp. 1-6)

Kent Hughes, "Will the World Foreclose on America?" (pp. 1-4)

*Topics: How is US Trade Policy Made? Exploring the special challenges of the TPP and the TTIP. Assessing what the current spate of bilateral and regional Free Trade Agreements suggest about the future of the World Trade Organization and the US role in shaping global economic governance.*

Week 10

**International Finance: Capital Goes Global**

F/L/B Chapter 13, J. Lawrence Broz, The Domestic Politics of International Monetary Order: The Gold Standard. (pp. 223-245)

F/L/B Chapter 14, Barry Eichengreen, Hegemonic Stability Theories of the International Monetary System. (pp. 246-272)

Charles Kindleberger (updated by Robert Z Aliber), *Manias, Panics, and Crashes*, Sixth Edition, Palgrave MacMillan, New York, NY, 2011, Chapter 5 (The Critical Stage—What the Bubble is About to Pop), pp. 84-106, Chapter 13 (The Lehman Panic – An Avoidable Crash) pp 257-272,

and Chapter 14 (The Lessons of History) pp. 273-296

C. Randall Henning, *Accountability and Oversight of US Exchange Rate Policy*, Peterson Institute Press, Washington, DC, June 2008, Chapter 3 (“The Exchange Rates and International Economic Policy Coordination Act of 1988” and Chapter 4 (Review of the Reports) (pp. 17-56)

**Class Discussion/Presentation on International Finance**

*Topics: The shift from the fixed exchange rates of the immediate post-World War II dollar-gold standard to the world of flexible exchange rates. The impact of rapid short-term capital flows and the recent phenomenon of quantitative easing. How should the US and global institutions respond to currency manipulation?*

**Due: Paper on U.S. Strategy for the Global Economy**

Week 11 **The Global Corporation**

F/L/B Chapter 9 Richard E. Caves, “The Multinational Corporations as a Global Enterprise.” (pp. 157-168)

F/L/B Chapter 11, Zachary Elkins, Andrew T. Busman, and Beth A. Simmons, *Competing for Capital: The Diffusion of Bilateral Investment Treaties* (pp. 180-199)

Robert Reich, “Who Is Us” *Harvard Business Review*, January 1, 1990. (pp. 1-19)

Laura Tyson, “They Are Not US: Why American Ownership Still Matters,” *The American Prospect*, May 24, 2005. (pp. 1-5)

Ralph Gomory, “Testimony of Ralph Gomory, former President of the Alfred P. Sloan Foundation” before the House Committee on Science and Technology, June 12, 2007. (pp. 1-9)

*Topics: Exploring the implications of American companies becoming global in their operations and thinking. Have American universities gone global as well? How should the changing nature of American institutions affected US policy making in the global era?*

Week 12 **Holiday OR BREAK (Thanksgiving in the Fall, Spring Break in the Spring)**

Week 13      **US Global Strategy and the Battle of Ideas**

*Building the Next American Century*, by Kent Hughes, Chapter 2 “The Search for a New Growth Strategy”, pp. 28-67

Joseph Stiglitz and Shahid Yusuf editors, *Rethinking the East Asian Miracle*, the World Bank and Oxford University Press, New York, NY, 2001, Chapter 1 (The East Asia Miracle at the Millennium) pp. 1-54 Chapter 13 (From Miracle to Crisis to Recovery) pp. 509-526.

Kent Hughes, Leveling the Playing Field for U.S. Trade with Asia, Wilson Center Brief, 2014. (pp. 1-6, a re-read)

Murray Weidenbaum *The Competition of Ideas: The World of Economic Think Tanks*, Transaction Publishers, New Brunswick, NJ, 2009. (pp. 1-8; 19-36; and 103-116.

Class Presentations/Discussion: Has All America Gone Global?

*Topics: How much do ideas matter? What is the role of ideas in US policy making? Where do the ideas come from? What is the impact of Washington-based think tanks?*

**Due: Briefing Memo-International Economic Official in Congress or the Executive Branch**

Week 14      **Current Global Challenges**

Globalization: F/L/B Chapter 30 (Kenneth F., Scheve and Mathew Slaughter, (A New Deal for Globalization) and Chapter 31 Dani Rodrik, (How to Save Globalization from its Cheer Leaders) (pp. 536-545) and (pp. 546-566)

*Topics: What is the future of globalization? World War I brought an end to an Earlier era of globalization can it happen again? Will growing inequality and stagnant wages sink globalization?*

Week 15      **Final Exam Due**

We will make a final assessment on America’s Future in the Global Era.

Overview of the Course, *What did you learn? What questions do you still have?*

*Do you want to make international economic policy in tomorrow's Washington, DC?*