

Government 2720

The Politics of International Monetary and Financial Relations

This course is about the interaction of international monetary and financial developments, on the one hand, and international and domestic politics, on the other. It examines both theoretical perspectives on, and historical experience with, the impact of cross-border capital movements on politics within and among nations.

All readings for the course are on reserve at Littauer Library. The following books are available for purchase at the Coop:

Barry Eichengreen and Marc Flandreau, Eds. *The Gold Standard in Theory and History* (New York: Routledge, 1997)

Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System* (Princeton: Princeton University Press, 1996)

William Bernhard, J. Lawrence Broz, and William Clark, Eds. *The Political Economy of Monetary Institutions* (Cambridge: MIT Press, 2003)

Requirements for the class are:

1. Participation in class discussions. This presupposes that you do the readings in full and on time. Note that the readings are not distributed evenly throughout the class; take advantage of light weeks to read ahead.

2. A research paper on any topic related to the theme of the class, subject to my approval. The paper is to be submitted no later than January 20, 2004. All paper topics must be approved by November 17. The class on December 15 will be devoted to discussion of student research topics. On December 8, all students must bring to class copies of a one-page statement of their research question and approach, for distribution to other class members.

September 15 Introduction and theoretical considerations

September 22 Historical overview: From the Middle Ages through nineteenth century high finance

Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System* (Princeton: Princeton University Press, 1996), pp. 3-92

Richard Goldthwaite, "Italian Bankers in Medieval England," *Journal of European Economic History* 2 (1973), pp. 763-771

John M. Veitch, "Repudiations and Confiscations by the Medieval State," *Journal of Economic History* 46, No. 1 (March 1986), pp. 31-36

Douglass North and Barry Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History* 49, No. 4 (December 1989), pp. 803-832

Michael Bordo and Hugh Rockoff, "The Gold Standard as a 'Good Housekeeping Seal of Approval'," *Journal of Economic History* 56, no. 3 (1996), pp. 389-428

J. Lawrence Broz, "Origins of the Federal Reserve: International Incentives and the Domestic Free-Rider Problem," *International Organization* 53, No. 1 (Winter 1999), pages 39-70

Other readings:

Michael Prestwich, "Italian Merchants in Late Thirteenth and Early Fourteenth Century England," in Center for Medieval and Renaissance Studies, *The Dawn of Modern Banking* (New Haven: Yale University Press, 1979), pp. 77-104

Debra Glassman and Angela Redish, "Currency Depreciation in Early Modern England and France," *Explorations in Economic History* 25 (1988), pp. 75-97

Geoffrey Parker, "The Emergence of Modern Finance in Europe, 1500-1730," in *The Fontana Economic History of Europe: The Sixteenth and Seventeenth Centuries* Volume 2 ed. Carlo Cipolla (London: Collins/Fontana, 1974), pp. 527-594

Peter L. Rousseau, "Historical Perspectives on Financial Development and Economic Growth," *Federal Reserve Bank of St. Louis Review* 85, No. 4 (July/August 2003), pages 81-105.

Daniel Verdier, "Domestic Responses to Capital Market Internationalization Under the Gold Standard, 1870-1914," *International Organization* 52, No. 1 (Winter 1998), pages 1-34.

Al Fishlow, "Lessons from the past: capital markets during the 19th century and the interwar period," *International Organization* 39, No. 3

Herman Schwartz, "Foreign Creditors and the Politics of Development in Australia and Argentina, 1880-1913," *International Studies Quarterly* 33, No. 3 (198), pp. 281-301

September 29 Historical overview: from the classical gold standard through the interwar years

The Gold Standard in Theory and History, ed. Barry Eichengreen and Marc Flandreau (New York: Routledge, 1997), pp. 1-75, 99-206, and 231-287.

J. Lawrence Broz, "The Domestic Politics of International Monetary Order: The Gold Standard" in *Contested Social Orders and International Politics*, ed. David Skidmore (Nashville: Vanderbilt University Press, 1997)

Ben Bernanke and Harold James, "The Gold Standard, Deflation, and Financial Crisis in the Great Depression: An International Comparison," in R. Glenn Hubbard Ed. *Financial Markets and Financial Crises* (Chicago: University of Chicago Press, 1991), pp. 33-68

Antoni Esteveordal, Brian Frantz, and Alan Taylor, "The Rise and Fall of World Trade, 1870-1939," *Quarterly Journal of Economics* 118, no. 2 (May 2003), pages 359-407.

Carlos Díaz Alejandro, "Stories of the 1930s for the 1980s," in *Financial Policies and the World Capital Market*, ed. Pedro Aspe Armella et al. (Chicago: University of Chicago Press, 1983)

Other readings:

Barry Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression 1919-1939* (New York: Oxford University Press, 1992)

Anna Schwartz, "Alternative Monetary Regimes: The Gold Standard," from Anna J. Schwartz, *Money in Historical Perspective* (Chicago: University of Chicago Press, 1987), pp. 364-390

Kenneth Oye, "The Sterling-Dollar-Franc Triangle: Monetary Diplomacy 1929-1937," *World Politics* 38, No. 1 (October 1985), pp. 173-199

Louis Pauly, *The League of Nations and the Foreshadowing of the International Monetary Fund* Princeton Essays in International Finance No. 201 (Princeton: International Finance Section, 1996)

Frank Costigliola, "The Other Side of Isolationism: The Establishment of the First World Bank, 1929-1930," *Journal of American History* 59 (December 1972)

October 6 Historical overview: the post-war era

Eichengreen and Flandreau, eds., *The Gold Standard*, pages 289-328

Eichengreen, *Globalizing Capital*, pages 93-192

Barry Eichengreen and Peter Kenen, "Managing the World Economy under the Bretton Woods System: An Overview," in *Managing the World Economy: Fifty Years After Bretton Woods*, ed. Peter Kenen (Washington: Institute for International Economics, 1994), pages 3-57, and comments following, pp. 58-80

Other readings:

Allan Meltzer, "U.S. Policy in the Bretton Woods Era," *Federal Reserve Bank of St. Louis Review* 73, No. 3 (May-June 1991), pp. 54-83

October 20 International finance and inter-state politics

Jacob Viner, "International Finance and Balance of Power Diplomacy, 1880-1914," *Southwestern Political and Social Science Quarterly* IX (March 1929); also in his *International Economics* (Glencoe, Illinois: Free Press, 1951), pp. 49-85

P.J. Cain and A.G. Hopkins, "Gentlemanly capitalism and British expansion overseas II: New imperialism, 1850-1945," *Economic History Review* 40, No. 1 (February 1987), pp. 1-26

Paul Kennedy, "Strategy versus Finance in Twentieth-Century Britain," *International History Review* 1981

Charles Lipson, "International Debt and National Security: Comparing Victorian Britain and Postwar America," in *The International Debt Crisis in Historical Perspective*, ed. Barry Eichengreen and Peter Lindert (Cambridge: MIT Press, 1989)

J. Lawrence Broz, "The Origins of Central Banking: Solutions to the Free-Rider Problem." *International Organization* 51 (Spring 1998), pages 231-68

Michael Bordo and Eugene White, "British and French finance during the Napoleonic Wars," in *Monetary Regimes in Transition*, ed. Michael Bordo and Forrest Capie (Cambridge: Cambridge University Press, 1994)

Kenneth Schultz and Barry Weingast, "The Democratic Advantage: Institutional Foundations of Financial Power in International Competition," *International Organization* 57, no. 1 (Winter 2003), pages 3-42.

Other readings:

Jacob Viner, "Political Aspects of International Finance," *Journal of Business of the University of Chicago* 1, No. 2 (April 1928) and 1, No. 3 (July 1928)

K.A. Schultz and B.R. Weingast, "Limited Governments, Powerful States," in *Strategic Politicians, Institutions, and Foreign Policy*, R.M. Siverson, Editor. (Ann Arbor: University of Michigan Press, 1998), pp. 15-49

October 27 Contemporary international banking

Herbert Grubel, "A Theory of Multinational Banking," *Banca Nazionale del Lavoro Quarterly Review* No. 123 (December 1977), pp. 349-363

Charles Kindleberger, "International Banks and International Business in Historical Perspective," *Journal of Banking and Finance* 7 (December 1983), pp. 1-13

John Goodman and Louis Pauly, "The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets," *World Politics* 46, No. 1 (1993), pp. 50-82

Vittorio Grilli and Gian Maria Milesi-Ferretti, "Economic Effects and Structural Determinants of Capital Controls," *IMF Staff Papers* 42, No. 3 (September 1995), pp. 517-551

Ethan Kapstein, "Resolving the regulator's dilemma: international coordination of banking regulations," *International Organization* 43, No. 2 (Spring 1989), pp. 323-347

Beth Simmons, "The International Politics of Harmonization: The Case of Capital Market Regulation," *International Organization* 53, No. 3 (Fall 2001), pp.589-620.

Marco Pagano and Paolo Volpin, "The Political Economy of Finance," *Oxford Review of Economic Policy* 17, no. 4 (2001), pages 502-519

Frances Rosenbluth, "Financial Deregulation and Interest Intermediation," in *Political Dynamics in Contemporary Japan*, ed. Gary Allinson and Yasunori Sone (Ithaca: Cornell University Press, 1993)

Frances Rosenbluth and Ross Schaap, "The Domestic Politics of Banking Regulation," *International Organization* 57 (Spring 2003) pp. 307-336

Stephan Haggard and Sylvia Maxfield, "The Political Economy of Financial Internationalization in the Developing World," *Internationalization and Domestic Politics*, ed. Robert Keohane and Helen Milner (Princeton: Princeton University Press, 1996)

Other readings:

Eric Helleiner, "States and the future of global finance," *Review of International Studies* 18 (1992), pp. 31-49

Stephan Haggard and Chung Lee, "The Political Dimension of Finance in Economic Development," and Stephan Haggard and Sylvia Maxfield, "Political Explanations of Financial Policy in Developing Countries," both in Stephan Haggard, Chung Lee, and Sylvia Maxfield, editors, *The Politics of Finance in Developing Countries* (Ithaca: Cornell University Press, 1993)

Gary C. Zimmerman, "Implementing the Single Banking Market in Europe," *Federal Reserve Bank of San Francisco Economic Review* 3 (1995)

Benjamin J. Cohen, "Phoenix Risen: The Resurrection of Global Finance," *World Politics* 48 (January 1996)

November 3 Sovereign lending in theory

Kenneth Kletzer, "External Borrowing by LDCs: A Survey of Some Theoretical Issues," in *The State of Development Economics: Progress and Perspectives*, G. Ranis and T.P. Schultz, Editors (New York: Basil Blackwell, 1988) pp. 579-612.

Paul DeGrauwe and Michele Fratianni, "The Political Economy of International Lending," *Cato Journal* 4, No. 1 (Spring/Summer 1984), pp. 147-170

Eric Rasmusen, "The strategy of sovereign-debt renegotiation," in *Country Risk Analysis: A Handbook*, ed. Ronald Solberg (London: Routledge, 1992), pp. 161-185

Roland Vaubel, "The Moral Hazard of IMF Lending," *The World Economy* 6, No. 2 (September 1983), pp. 291-303

Allan Drazen, "Conditionality and Ownership in IMF Lending: A Political Economy Approach," *IMF Staff Papers* 49 (2002), pages 36-67.

Other readings:

Vincent Crawford, *International Lending, Long-Term Credit Relationships, and Dynamic Contract Theory* Princeton Studies in International Finance No. 59 (Princeton: International Finance Section, 1987)

Jonathon Eaton and Lance Taylor, "Developing Country Finance and Debt," *Journal of Development Economics* 22 (1986), pp. 209-265

Kenneth Kletzer, "Sovereign Immunity and International Lending," in *The Handbook of International Macroeconomics*, F. van der Ploeg, Editor (Cambridge: Basil Blackwell, 1994), pages 439-79

J.M. Eaton, M. Gersovitz, and J.E. Stiglitz, "The Pure Theory of Country Risk," *European Economic Review* 30, No. 3 (1986), pages 481-513

J. Eaton and R. Fernandez, "Sovereign Debt," in *Handbook of International Economics*, G.M. Grossman and K. Rogoff, Editors (Amsterdam: Elsevier Science, 1995)

Sebastian Edwards, "The International Monetary Fund and the Developing Countries: A Critical Evaluation," *Carnegie-Rochester Conference Series on Public Policy* 31 (1989), pp. 7-68

November 10 Sovereign lending in practice

Barry Eichengreen, "Historical Research on International Lending and Debt," *Journal of Economic Perspectives* 5, No. 2 (Spring 1991), pages 149-169

Carlos Diaz Alejandro, "Latin American Debt: I Don't Think We are in Kansas Anymore," *Brookings Papers on Economic Activity* 1984:2

Jeffrey Sachs, "External Debt and Macroeconomic Performance in Latin America and East Asia," *Brookings Papers on Economic Activity* 1985: 2

Charles Lipson, "The International Organization of Third World Debt," *International Organization* 35, No. 3 (Summer 1981)

Charles Lipson, "Bankers' Dilemmas: Private Cooperation in Rescheduling Sovereign Debts," *World Politics* 38, No. 1 (October 1985), pp. 200-225

Roberto Chang, "Understanding Recent Crises in Emerging Markets," *Federal Reserve Bank of Atlanta Economic Review* Second Quarter 1999, pages 6-16

Frederic S. Mishkin, "Lessons from the Asian crisis," *Journal Of International Money And Finance* (18)4 (1999) pp. 709-723

David Dollar and Jakob Svensson, "What Explains the Success or Failure of Structural Adjustment Programmes," *Economic Journal* 110 (October 2000), pages 894-917.

Other readings:

J. Conklin, "The Theory of Sovereign Debt and Spain under Philip II," *Journal of Political Economy* 106, No. 3 (1998), pp. 483-513

W. B. English, "Understanding the Costs of Sovereign Default: American State Debts in the 1840s," *American Economic Review*, 86, No. 1 (1996), pp. 259-275

T. Kelly, "Ability and Willingness to Pay in the Age of Pax Britannica, 1890-1914," *Explorations in Economic History*, 35, No. 1 (1998), pages 31-58

Barry Eichengreen and Richard Portes, "Debt and Default in the 1930s: Causes and Consequences," *European Economic Review* 30, No. 3 (June 1986), pp. 599-640

Julio Santaella, "Stabilization Programs and External Enforcement: Experience from the 1920s," *IMF Staff Papers* 40, No. 3 (September 1993)

Barry Eichengreen and Richard Portes, "After the Deluge: Default, Negotiation, and Readjustment during the Interwar Years," in Barry Eichengreen and Peter Lindert, Eds. *The International Debt Crisis in Historical Perspective*, (Cambridge: MIT Press, 1989), pp. 12-47

Gershon Feder and Richard Just, "A Study of Debt Servicing Capacity Applying Logit Analysis," *Journal of Development Economics* 4 (1977), pp. 25-38

Robert Aliber, "The Debt Cycle in Latin America," *Journal of Interamerican Studies and World Affairs* 27, No. 4 (Winter 1985-1986), pp. 117-124

Manuel Pastor, "The Effects of IMF Programs in the Third World: Debate and Evidence from Latin America," *World Development* 15, No. 2 (1987), pp. 249-262

Guillermo Calvo, Leonardo Leiderman, and Carmen Reinhart, "Inflows of Capital to Developing Countries in the 1990s," *Journal of Economic Perspectives* 10, No. 2 (Spring 1996), pp. 123-139

November 17 International monetary systems in theory

James Madison, "Money," as reprinted in *Federal Reserve Bank of Minneapolis Quarterly Review* Vol. 21, No. 4 (Fall 1997): 1-7

J. Lawrence Broz and Jeffrey A. Frieden, "The Political Economy of International Monetary Relations," *Annual Review of Political Science* 4 (2001).

W.M. Corden, "The Logic of the International Monetary Non-System," in *Reflections on a Troubled World Economy*, ed. Fritz Machlup, Gerhard Fels and Hubertus Müller-Groeling (London: Trade Policy Research Centre, 1983), pp. 59-74

Paul Krugman, "What Do We Need to Know about the International Monetary System?" in *Understanding Interdependence: The Macroeconomics of the Open Economy*, ed. Peter Kenen (Princeton: Princeton University Press, 1995)

Paul Krugman, "The International Role of the Dollar: Theory and Prospect," in *Exchange Rate Theory and Practice*, ed. John Bilson and Richard Marston (Chicago: University of Chicago, 1984), pp. 261-278

Barry Eichengreen, "The Endogeneity of Exchange Rate Regimes," in *Understanding Interdependence: The Macroeconomics of the Open Economy*, ed. Peter Kenen (Princeton: Princeton University Press, 1995)

W.M. Corden, "Fiscal Policies, Current Accounts, and Real Exchange Rates: In Search of a Logic of International Policy Coordination," *Weltwirtschaftliches Archiv* 122, No. 3 (1986), pp. 423-438

George Tavlas, "The Theory of Monetary Integration," *Open economies review* 5 (1994)

Other readings:

Benjamin J. Cohen, "The Triad and the Unholy Trinity: Problems of International Monetary Cooperation," in *Pacific Economic Relations in the 1990s: Cooperation or Conflict?* ed. Richard Higgott, Richard Leaver, and John Ravenhill (London: Allen and Unwin, 1993), pp. 133-158

Marco Espinosa and Chong Yip, "International Policy Coordination: Can We Have Our Cake and Eat It Too?" *Federal Reserve Bank of Atlanta Economic Review* May/June 1993

Paul Masson and Mark P. Taylor, "Currency unions: a survey of the issues," in *Policy issues in the operation of currency unions*, ed. Paul Masson and Mark P. Taylor (Cambridge: Cambridge University Press, 1993)

Charles A.E. Goodhart, "The Political Economy of Monetary Union," in *Understanding Interdependence: The Macroeconomics of the Open Economy*, ed. Peter Kenen (Princeton: Princeton University Press, 1995)

Hali Edison and Michael Melvin, "The Determinants and Implications of the Choice of an Exchange Rate System," in *Monetary policy for a volatile global economy*. William Haraf and Thomas Willett, Eds. (Washington: American Enterprise Institute, 1990), pp. 1-44

Barry Eichengreen, "Hegemonic Stability Theories of the International Monetary System," in Richard Cooper et al. *Can Nations Agree?* (Washington: Brookings Institution, 1989), pp. 255-298

Barry Eichengreen, *A More Perfect Union? The Logic of Economic Integration*. Princeton Essays in International Finance No. 198 (Princeton: International Finance Section, 1996)

November 24 International monetary systems in practice

Michael Bordo, "The Gold Standard, Bretton Woods, and Other Monetary Regimes: A Historical Appraisal," *Federal Reserve Bank of St. Louis Review* 75, No. 2 (March/April 1993), pp. 123-199

J. Ernesto López-Córdova and Christopher Meissner, "Exchange-Rate Regimes and International Trade: Evidence from the Classical Gold Standard Era," *American Economic Review* 93, No. 1 (March 2003), pages 344-353

Beth Simmons, "International Law and State Behavior: Commitment and Compliance in International Monetary Affairs," *American Political Science Review* 94, No. 4 (December 2000)

Jeffrey A. Frankel and Andrew Rose, "The Endogeneity of the Optimum Currency Area Criteria," *Economic Journal* (1998)

Andrew Rose and Eric van Wincoop, "National Money as a Barrier to International Trade: The Real Case for Currency Union," *American Economic Review* 91, No. 2 (May 2001)

F. Giavazzi and M. Pagano, "The advantage of tying one's hands: EMS discipline and central bank credibility," *European Economic Review* 32, No. 2 (1988), pages 1055-1075

Michael Klein and Nancy Marion, "Explaining the duration of exchange-rate pegs," *Journal of Development Economics* 54 (1997), pp. 387-404.

David Leblang and William Bernhard, "The Politics of Speculative Attacks in Industrial Democracies," *International Organization* 54, No. 2 (Spring 2000)

Allan Drazen, "Political Contagion in Currency Crises," in *Currency Crises* ed. Paul Krugman (Chicago: University of Chicago Press, 2000), pages 47-70

Other readings:

I.M. Destler and C. Randall Henning, *Dollar Politics: Exchange Rate Policymaking in the United States* (Washington: Institute for International Economics, 1989)

George S. Tavlas, *On the International Use of Currencies: The Case of the Deutsche Mark* Princeton Essays in International Finance No. 181 (Princeton: International Finance Section, 1991)

Rudiger Dornbusch and Jeffrey Frankel, "The Flexible Exchange Rate System: Experience and Alternatives," *International Finance and Trade in a Polycentric World*, ed. Silvio Borner (London: Macmillan, 1988), pp. 151-197

Michele Fratianni, Andreas Hauskrecht and Aurelio Maccario. "Dominant Currencies and the Future of the Euro," *Open Economies Review* 9 (1998), pages 467-491

Barry Eichengreen, Andrew Rose, and Charles Wyplosz, "Contagious Currency Crises: First Tests," *Scandinavian Journal of Economics* (1996)

Barry Eichengreen and Jeffrey Frieden, "The Political Economy of European Monetary Unification," in *The Political Economy of European Monetary Unification* second edition, ed. Barry Eichengreen and Jeffrey Frieden (Boulder: Westview Press, 2001)

Christian de Boissieu and Jean Pisani-Ferry, "The Political Economy of French Economic Policy in the Perspective of EMU," in *Forging an Integrated Europe*, ed. Barry Eichengreen and Jeffrey Frieden (Ann Arbor: University of Michigan Press, 1998), pp. 49-89

Geoffrey Garrett, "The Transition to Economic and Monetary Union," in *Forging an Integrated Europe*, ed. Barry Eichengreen and Jeffrey Frieden (Ann Arbor: University of Michigan Press, 1998), pp. 21-47

Susan Collins, "On becoming more flexible: Exchange rate regimes in Latin America and the Caribbean," *Journal of Development Economics* 51(1996) 117-138.

Kenneth Jameson, "Dollar Bloc Dependency in Latin America: Beyond Bretton Woods," *International Studies Quarterly* 34, No. 4 (1990), pp. 519-541

Paul Krugman, "Policy Problems of a Monetary Union," in *The European Monetary System in the 1990s*, ed. Paul DeGrauwe and Lucas Papademos (New York: Longman, 1990)

David Stasavage, "When do states abandon monetary discretion? Lessons from the evolution of the CFA franc zone," in Jonathan Kirshner, ed. *Monetary Orders* (Ithaca: Cornell University Press, 2003)

Michael Webb, "International economic structures, government interests, and international coordination of macroeconomic adjustment policies," *International Organization* 45, No. 3 (Summer 1991), pp. 308-342

December 1 International monetary policy: relative prices and interests

W.M. Corden, "Exchange Rate Protection," in *The International Monetary System Under Flexible Exchange Rates -- Global, Regional, and National: Essays in Honor of Robert Triffin*, ed. Richard Cooper, Peter Kenen, Jorge Braga de Macedo, and Jacques Van Ypersele (Cambridge: Ballinger, 1982), pp. 17-34

P.J. Forsyth and St. J. Nicholas, "The Decline of Spanish Industry and the Price Revolution: A Neoclassical Analysis," *Journal of European Economic History* 12, No. 3 (Winter 1983), pp. 601-610

Carsten Hefeker, "Interest Groups, Coalitions and Monetary Integration in the Nineteenth Century," *Journal of European Economic History* 24, No. 3 (Winter 1995)

Gerald Epstein, "Profit squeeze, rentier squeeze, and macroeconomic policy under fixed and flexible exchange rates," *Economies et Sociétés* 8 (November-December 1991), pages 219-257

Carsten Hefeker, "The Political Choice and Collapse of Fixed Exchange Rates," *Journal of Institutional and Theoretical Economics* 152 (1996), pages 360-379.

Geoffrey Garrett and Christopher Way, "The Sectoral Composition of Trade Unions, Corporatism, and Economic Performance," in *Monetary and Fiscal Policy in an Integrated Europe*, ed. Barry Eichengreen, Jeffrey Frieden, and Jürgen von Hagen (New York: Springer, 1995)

Kenneth Scheve, "Public Inflation Aversion and the Political Economy of Macroeconomic Policymaking," *International Organization* forthcoming 2004

Other readings:

Brock S. Blomberg and Gregory D. Hess, "Politics and Exchange Rate Forecasts" *Journal of International Economics* 43 (1997) 189-205

Sebastian Edwards, "Exchange Rate Misalignment in Developing Countries," *World Bank Research Observer* 4, No. 1 (January 1989), pp. 3-21

C. Randall Henning, *Currencies and Politics in the United States, Germany, and Japan* (Washington: Institute for International Economics, 1994), all

Frank Longstreth, "The City, Industry, and the State," in *State and Society in Contemporary Capitalism*, ed. Colin Crouch (New York: St. Martin's, 1979)

Jeffrey A. Frankel, "The Making of Exchange Rate Policy in the 1980s," in *American Economic Policy in the 1980s*, ed. Martin Feldstein (Chicago: University of Chicago Press, 1994)

December 8 International monetary policies: parties and institutions

Vittorio Grilli, Donato Masciandaro, and Guido Tabellini, "Political and monetary institutions and public policies in the industrial countries," *Economic Policy* (October 1991), pp. 342-392

Joanne Gowa, "Public goods and political institutions: Trade and monetary policy processes in the United States," *International Organization* 42, No. 1 (Winter 1988), pp. 15-32

Beth Simmons, *Who Adjusts?* (Princeton: Princeton University Press, 1994), chapters 1, 2, 4, and 8

Susanne Lohmann, "Federalism and Central Bank Independence: The Politics of German Monetary Policy, 1957-1992," *World Politics* 50, No. 3 (April 1998), pages 401-446.

William Clark and Usha Reichert, "International and Domestic Constraints on Political Business Cycles in OECD Economies," *International Organization* 52, No. 1 (Winter 1998)

William Bernhard, J. Lawrence Broz, and William Clark, "The Political Economy of Monetary Institutions," *International Organization* 56, No. 4 (Autumn 2002). Also in William Bernhard, J. Lawrence Broz, and William Clark, eds. *The Political Economy of Monetary Institutions* (Cambridge: MIT Press, 2003)

Philip Keefer and David Stasavage, "Checks and Balances, Private Information, and the Credibility of Monetary Commitments," *International Organization* 56, No. 4 (Autumn 2002), pages 751-774. Also in Bernhard, Broz, and Clark, eds., *Political Economy of Monetary Institutions*.

William Bernhard and David Leblang, "Political Parties and Monetary Commitments," *International Organization* 56, No. 4 (Autumn 2002), pages 803-830. Also in Bernhard, Broz, and Clark, eds., *Political Economy of Monetary Institutions*.

Lawrence Broz, "Political System Transparency and Monetary Commitment Regimes," *International Organization* 56, No. 4 (Autumn 2002), pages 861-888. Also in Bernhard, Broz, and Clark, eds., *Political Economy of Monetary Institutions*.

Other readings:

Alberto Alesina, "Politics and business cycles in industrial democracies" *Economic Policy* 8 (1989), pp. 57-98

Alberto Alesina and Lawrence H. Summers, "Central Bank Independence and Macroeconomic Performance: Some Comparative Evidence" *Journal of Money, Credit, and Banking* Vol. 25, No. 2 (May 1993)

Alberto Alesina, "Political Models of Macroeconomic Policy and Fiscal Reforms," in *Voting for Reform: Democracy, Political Liberalization, and Economic Adjustment*, ed. Stephan Haggard and Steven Webb (New York: Oxford University Press for the World Bank, 1994), pp. 37-60

David Bearce, "Societal Principals, Partisan Agents, and Monetary Policy Outcomes," *International Organization* 57, No. 3 (Spring 2003).

C. Randall Henning, "Systemic Conflict and Regional Monetary Integration: The Case of Europe," *International Organization* 52, No. 3 (Summer 1998), pages 537-573.

Geoffrey Garrett, "Capital Mobility, Trade, and the Domestic Politics of Economic Policy," in *Internationalization and Domestic Politics*, ed. Robert Keohane and Helen Milner (Princeton: Princeton University Press, 1996)

Frances Rosenbluth, "Japan's Response to the Strong Yen: Party Leadership and the Market for Political Favors," in *Japan's Foreign Policy: After the Cold War*, ed. Gerald Curtis (New York: M.E. Sharpe, 1993)

Jonathon Moses, "The social democratic predicament in the emerging European Union: A capital dilemma," *Journal of European Public Policy* 2 (September 1995)

William Bernhard and David Leblang, "Democratic Institutions and Exchange Rate Commitments," *International Organization* 53, No. 1 (Winter 1999), pages 71-97.

December 15 Presentation and discussion of student paper topics