

Political Science 561: The International Political Economy

**TAKE-HOME EXAMINATION I (15%)
Due at the beginning of class on 12 February 2018**

- I expect, and will grade accordingly, that you will comply with the following:
- 1) Essays will be single-spaced with normal default spacing, 1" margins, and of required length or the handwritten equivalent. You will use a font with a size of 11 or 12 and a face such as Times New Roman or the equivalent. Examples of faces you will not use are `courier new` and `OCR`. *Failure to use an appropriate font can cost a 0.5 cut on each essay. Excessively short essays can cost a 0.5 cut for each such essay.*
 - 2) If the requirement is for a "short essay," such an essay will closer in length to a ½ page than not.
 - 3) Each essay will begin with a topic sentence or a thesis statement. *Failure to do this will cost 0.25 each essay.*
 - 4) Remember the need to give credit where credit is due. Look again at the syllabus section on citing sources and plagiarism. When you draw from a reading or another source, credit the reading or source with a note in the form – (Bressler, p. 180). *If I find generally inadequate sourcing, I will assign a cut of up to full grade. If there is inadequate sourcing in an essay, I will assign a cut of 0.5 to that essay.*
 - 5) You may collaborate, in accordance with the syllabus, on essays marked with a ♦. **In this exam, these are the essays at 28, 40, & 44.** For all other tasks, you may not collaborate. You may, however, use another student's class notes (not exam notes), but this must be done without reference to a specific question. In other words, you cannot just say something like: "Let me see your notes pertaining to question 32." If you collaborate on a marked question or use material gained from another student, credit that student with a footnote in the form – (Sarah Smith).

WED 24 JAN

Topic: Introduction to the Course

Sub-Topic: Course administration

My website: Course Syllabus.

Sub-Topic: Some critical concepts (My website: Ingram, power points)

- a. Socialization
1. (1.5) **In a paragraph**, *describe* socialization and your responsibility toward your own socialization.
- b. Bounded Rational Analysis
2. (0.5) What are the two primary components of Ingram's concept of bounded logical analysis?
- c. Causation
3. (1) Why does Ingram stress causation?
- d. Policy in terms of A→B
4. (1) What does Ingram mean by A→B?

Topic: International Political Economy

My website: from Oatley, Chapter 1, “The International Political Economy,” “What is International Political Economy?”

5. (3) **In a short essay**, *describe* the four issue areas of IPE.
6. (5) Oatley describes two abstract questions that shape IPE. **In a ½-page essay**, *describe*:
 - a. How politics shape the social decisions regarding resource allocation
 - b. What are the consequences of those choices?

MON 29 JAN

Topic: Current International Political Economy Issues (I)

My website: Foreign Policy, Manning, “Will Global Trade Survive 2018?,” 5 Jan 2018.

7. (5) **In a 3/4-page essay**, *describe* why Manning believes global trade is at risk in 2108.
My website: ECIPE Organization, Jean-Jacques Hallaert, “A History of Empirical Literature on the Relationship Between Trade and Growth,” p. 74.
8. (1.5) **In a paragraph**, *describe* Hallaert’s conclusion about the effect of trade on growth.
My website: Council on Foreign Relations, Drezner, “The Irony of Global Economic Governance – The System Worked,” Oct 2012.
9. (5) **In a 3/4-page essay**, *describe* why Drezner believes global economic governance was effective after the 2008 financial crisis.

WED 31 JAN

Topic: Current International Political Economy Issues (II)

Dasgupta, Prologue and Chapter 1, “Macroeconomics History”

10. (1.5) **In a paragraph**, *describe* the concept of GDP.
11. (5) **In a 3/4-page essay**, *describe* what Dasgupta discusses as the causes of disparity between the rich and the poor states.

My website, *The Guardian*, Hickel, “Global inequality may be worse than we think.”
8 February 2016

12. (3) **In a short essay**, *explain* why Hickel believes global inequality may be worse than we think.

Topic: The Great Issue – Sustainable Development (I)

My website: Brundtland Commission Report, Our Common Future, Chapter 2: “Toward Sustainable Development, section I, Concept of Sustainable Development,” 1987

13. (1) How does the report define sustainable development?
14. **◆(5) In a 3/4-page essay**, *describe* the symptoms and causes of the issue and the concept of sustainable development.

SOME BASIC ECONOMIC CONCEPTS

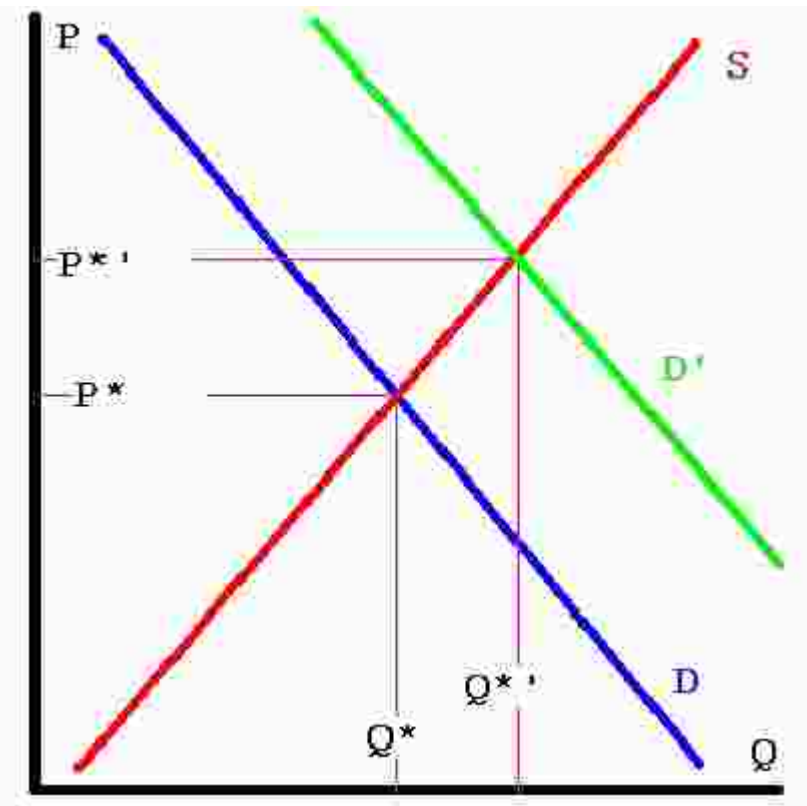
MON 5 FEB

Topic: Some Basic Economic Concepts (I)

My website: Ingram, “Some Economic Concepts,” I (Basic definitions) through XI (Market Failure)

Dasgupta, Chapter 4, “Markets”

15. (1) Why is the concept of scarcity important?
16. (1.5) **In a paragraph**, using examples from your life, explain the concept of opportunity costs.
17. (1) Why are opportunity costs different for each individual?
18. (1.5) **In a paragraph**, using examples from your life, explain the concept of cost/benefit comparison
19. (1) What are the three basic economic questions that a society must answer when dealing with scarcity and efficiency?
20. (1) What is a factor of production?
21. (1) How does Ingram define technology?
22. (1.5) **In a paragraph**, *describe* the difference between a market economic system and a command economic system.
23. (1.5) **In a paragraph**, *describe* how the three economic systems (communism, socialism, and capitalism) fundamentally differ, according to Ingram.
24. (1) Why would a communist economic system also have to be a command economic system?
25. (4) *Show* how, in class, Ingram explained the dependency of demand on independent variables and *give* examples of some of those independent variables.
26. (4) *Show* how, in class, Ingram explained the dependency of supply on independent variables and *give* examples of some of those independent variables.
27. (1.5) **In a paragraph**, *explain* the relationship between supply, demand, and price. You might wish to consider independent and dependent variables.
28. ♦(See the figure on next page.) The S line represents the world supply of oil. The **D** line represents the world demand for oil in August 2017. The **D**¹ line represents the world demand for oil in May 2018.
 - a. (1) Given this situation, what three things have happened in the world market for oil?
 - b. (2) If Saudi Arabia increases the amount of oil it produces to keep the world market price of oil at the level it was in August 2017, *show* on the diagram the new supply line and *show* how much Saudi Arabia, alone, would need to increase the quantity of oil they would supply. Be careful and think through your response. *This is not an hypothetical situation. In the past Saudi Arabia has followed this action to help relieve a rise in the cost of oil.*
 - c. (1.5) If Saudi Arabia were to act to increase the world supply of oil by increasing the quantity of oil they supply, what might the other OPEC and the non-OPEC suppliers of oil do? Explain.



29. (1.5) **In a paragraph**, explain why the efficient allocation of resources does not necessarily result in an equitable or just distribution of economic rewards.
30. (5) **In a 3/4-page essay**, describe: (a) the market problems caused by market structural failures (market power), (b) the market failure caused by macroeconomic fluctuations, and (c) the other common market failures, which are situations where the market does not provide the expected benefits of efficiency and flexibility. (Use both Ingram and Dasgupta.)
31. (3) **In a short essay**, describe the concept of externalities and how these can affect the ideal market. Use examples from your own experience.

Dasgupta, Chapter 4, "Markets"

32. (1.5) On page 82, Dasgupta discusses the efficiency of the allocation of resources in the ideal markets. **In a paragraph**, provide Dasgupta's definition of that efficiency and describe what is necessary for such efficiency in the ideal world market economy.

WED 7 FEB

Topic: Some Basic Economic Concepts (II)

My website: Ingram, "Some Economic Concepts," XII (Effective Demand) through XVI (Government in a Market Economy)

33. (1.5) **In a paragraph**, describe the concept of effective demand and the role of fiscal policy.

34. (0.5) What are the three functions of money?
35. (1.5) **In a paragraph**, *define* money supply and *describe* how monetary policy can affect economic activity.
36. (1.5) **In a paragraph**, *describe* the concept of liquidity.
37. (1.5) **In a paragraph**, *explain* why the economic goals listed in XIV are very much political goals.
38. (1.5) From class notes, **in a paragraph**, *explain* why market efficiency should not necessarily be a state's goal and why it is a critical goal.
39. (1.5) *Draw* a production possibility curve and *explain* what the curve represents and what is true about a point under the curve, on the curve, and beyond the curve.
40. ♦(6) **In a one-page essay**, *describe* the role of government in a market economic system. If you disagree with the reading's development of that role, explain why, ensuring that you address the major issues that the reading uses to argue for a governmental role.

Dasgupta, Chapter 2, "Trust," pp. 50-59

41. (1.5) **In a paragraph**, *describe* the difference between private and public goods.
42. (0.5) What is fundamental to maintaining the value of money?
43. (1.5) **In a paragraph**, *describe* why the positive correlation between trust and economic growth is important to Dasgupta's view of the role of institutions in economic activity.

Dasgupta, Chapter 8, "Social well-being and democratic government," pp. 139-150

44. ♦ (5) **In a ½-page essay**, *develop* the concept of social well-being and *discuss* the role you believe the state should play in providing social well being. I suggest that you not rely solely on Dasgupta, but also consider much of what you have used elsewhere in this course.