States and Currencies

Capstone Seminar in International Relations
Political Science 470
Fall 2011

Prof. Scott Cooper
Email: scott_cooper@byu.edu
Phone: 422-4053
Office: 762 Kimball Tower
Office Hours: 1:30-2:15 Mon/Wed, 10-11 Tues/Thurs, or by appointment
If you can't come during my office hours, contact me to set up another time. Discussing your paper with me is crucial to doing well in this class.

Prerequisites:
Course is only open to Poli Sci and IR majors.
Required: Poli Sci 170 (or 370), Poli Sci 200, and Econ 110
Recommended: Poli Sci 370 or 372

Subject Matter:
International Political Economy can be broken down into three subfields: trade, finance, and money. Trade involves flows of goods and services across international boundaries, and the political relationships that sustain or block those flows. Finance involves the political and economic aspects of short-term and long-term capital or investment flows across borders. Money in this context involves the political economy of currency and exchange rate choices by states. In order for trade or financial flows to take place between states, there must be some exchange of monetary units between those states. Firms and individuals must decide what money or currency to use in making an exchange. States must decide whether to issue their own national currency and how their currency will be exchanged for other currencies. For example, should the currency be allowed to float relative to other currencies, or should there be a fixed exchange rate? Monetary Politics is the study of the currency and exchange rate choices made by states and private actors.

In this course, we will be focusing on state choices regarding currencies. One crucial question is whether the state should issue its own currency or use someone else’s. For example, what drives a state to “dollarize”? Another question is whether states should form regional currencies with their neighbors. Although in the 20th century people came to believe that every state should have its own distinct national currency, that was not the general rule prior to the 20th century. The creation of the euro in Western Europe in 1999 suggests that “one state, one money” may not be the rule in the 21st century either. Closer to home, Canadian economists have debated the pros and cons of adopting the U.S. dollar, and President Fox of Mexico publicly proposed a long-term path towards North American Monetary Union.

Another crucial question is how different national currencies relate to each other. As in all areas of International Political Economy, power relationships heavily influence economic interactions. With the U.S. dollar the dominant currency of the past half century, has the U.S. gained influence over other states? Related questions surround the rise of the euro. Will the euro eventually replace the dollar the way the dollar replaced Britain’s pound sterling? What changing conditions would make that more or less likely?
Because a national currency can be such an important part of national identity and because the currency provides important benefits to states, monetary politics also informs larger discussions of nation-building and state-building. If Ecuador chooses to use the dollar as its currency, what does that say about Ecuador’s identity? In other words, these are not narrow technical questions to be resolved by central bank “gnomes.” These are profoundly political questions about the nature of the state and its relationships to other states.

Course Goals:
The most visible product of your efforts this semester will be a capstone paper. The Political Science department created capstone seminars to ensure that every student completes a substantial, scholarly research project before graduation. The creators of the International Relations major had the same goal. The readings for this course are therefore designed to expose you to a broad range of influential ideas on states and currencies that you can apply to your own project. In this way, the course tries to combine the advantages of breadth and depth: readings to expand the horizons of your understanding while your research delves into a narrower topic.

Scholarly research is fundamentally connected to writing. Some students have the mistaken idea that writing is what you do after you are done with your research (often the night before the paper is due). But scholarly research is in fact an iterative process of reading, discussing, and writing in which many of the most important insights are gained not while in the library or while studying a statistical printout but while writing with pen or word processor. We write to convey what we have learned but also because writing helps us to carefully think through what we believe and to figure out what we don’t know. By requiring you to build your research step-by-step through a process of multiple drafts and revisions, capstone courses are designed to help you more fully appreciate the scholarly research/writing process.

High-quality research requires high-quality writing. Capstone courses have high standards for writing style, clarity, technical accuracy, and citations. Sloppy writing is usually a sign of sloppy thinking. Since you have all taken Poli Sci 200, you know what it means that I am a Poli Sci 200 instructor and five-time TA for the course.

Finally, it should be clear up front that this is intended to be one of the most challenging classes of your undergraduate career. It will require a substantial time commitment. This is not just another three-credit course, so be sure to plan your schedule carefully. At the same time, the course should be one of the most rewarding of your college career. Scholarly research is more than just finding ten sources and typing up a summary. Research is creative and adventurous—and therefore sometimes scary. You will be challenged to ask interesting questions and build new understanding. When you succeed, you will have created something you can always be proud of, and expanded your mind in ways you did not expect. Remember that I will do everything in my power to help each one of you succeed.

Readings:
The reading load for this course is initially heavy but then drops off to allow you to focus on your capstone paper. Initially, you should expect to read about 150 pages per week. All readings in the syllabus should be done before class. There are three required books available in the bookstore or through online booksellers:

There will also be a set of required readings available on Blackboard or as a packet at the Joseph F. Smith Building copy center (B115 JFSB).
Grading:
75% Capstone Paper
   1% Tentative Topic Statement
   4% Prospectus
   5% Rough Draft
   15% Polished Draft
   5% Oral Presentation
   45% Final Paper
25% Class Participation
   10% Peer Reviews (2 x 5%)
   5% Reading Response Essays
   5% Leading Class Discussion
   5% Other Contributions to Class Discussion, including Senior Exam

The Capstone Paper will be completed in six stages:

(1) The Tentative Topic Statement is a simple one-paragraph memo due in class the week before the Prospectus is due. The goal is to ensure that every student comes to class with a concrete topic in mind for class discussion.

(2) The Prospectus is a summary of your proposed research project, including the general problem area you are investigating and a well-formed research question. It should already reflect significant research into general sources of information on your topic. I strongly encourage you to come talk to me about your topic before you write your prospectus. If the first prospectus is not acceptable, I will ask you to do another one until you have chosen an acceptable topic.

(3) The Rough Draft is a completed 20+ page paper, with correct formatting, citations, etc. It will not be graded on substance, however, but on completeness and timeliness. The purpose is to help you prepare for your polished draft: to give you an incentive to write and then extensively revise your paper before you turn it in as a polished draft. You will also turn in copies of search results which show you are exploring important databases for sources.

(4) The Polished Draft should be as complete (20-30+ pages long), well written, and well documented as your final paper. If it is unfinished, it will be graded down accordingly. You will receive written comments from me and from two of your peers on this draft.

(5) You will also receive grades on the effectiveness of your 10-minute Oral Presentation of your research and on your written Peer Reviews of two classmates’ drafts.

(6) Your Final Paper is due at the end of the semester. It will be graded more strictly than the earlier draft and comprises nearly half of your course grade.

On all these assignments, satisfactory or average work will receive a C grade. Only good or excellent work will receive higher grades. According to department policy I cannot assign you a grade for this course until you have completed a final paper with a grade of at least C-. If your paper is incomplete or has not reached the C- level by the end of the semester, you will receive a T grade for the course until your paper is done.

Because this is a seminar, regular Participation by every member of the class is crucial. Capstone class sizes are kept small for just this reason. Students will be expected to prepare for class by doing all the readings in advance. Several students will be asked to lead the discussion of each day’s readings, but all students are expected to participate regularly. As always, quality outweighs quantity.
Since class Attendance is a prerequisite for participation, it should go without saying that attendance in class is required. If you are sick or otherwise unable to attend class on a particular day, please notify me by email or phone as soon as possible so I won’t mark you absent.

You are required to turn in 5 Reading Response Essays based on class readings. You may turn in a short essay on any five days of assigned readings, but writing assignments are due in class on the day the particular reading is discussed. Late assignments will not be accepted. Because these assignments are to aid you in preparing for class discussion, you must be present in class to turn in your assignment. Essays should be about 1½ pages (typed and double spaced) and will be graded on a check, check-plus, check-minus basis. It is your responsibility to make sure that you turn in all of them. All of the following are reasonable ways to focus a response essay:

• summarize the author’s main argument and evaluate problems with the argument,
• compare and contrast the arguments of multiple readings,
• highlight a minor argument that you think deserves more attention,
• suggest a research puzzle that emerges from the work (the most useful essay topic),
• make comparisons to other readings from this class or to something else you have read, or
• tentatively evaluate the argument using real-world data.

The goals are to ensure that you are prepared to fully participate in our class discussions and to help you start thinking about potential paper topics.

The Senior Exam is a two-hour general Political Science exam that the department requires of capstone students who are Poli Sci majors. Someone from the Political Science department will contact you about exam times. You are responsible for arranging to take the exam and for making an honest effort on the exam questions. Your score on the exam will not count towards your capstone grade but your course grade will be penalized by 5 percent if you do not complete the exam. Students who are not Poli Sci majors can fulfill this requirement by attending any Kennedy Center lecture and typing up a 1-2 page (double-spaced) summary of the lecture and their reactions to it; this is due by the last day of class.

Finally, you should remember that all forms of cheating, including plagiarism, are grave violations of the standards of any university. Your intensive research project should be accompanied by careful attention to giving credit to those whose ideas and words you use. Unfortunately, I have had to give failing capstone grades as a result of academic dishonesty at BYU and will do so again if necessary. BYU’s Academic Honesty Policy is in the university catalog and on the web at http://honorcode.byu.edu. The assignment handout for the research paper will contain more detailed guidelines but if you have any questions about what constitutes academic honesty in this class, please don’t hesitate to ask me.

Other Policies:
Federal law and BYU policy provide protections for students against sexual discrimination and harassment (including student-to-student harassment) and also require reasonable accommodation of students with disabilities. If you feel you have encountered sexual harassment or discrimination, please talk to me, the Equal Employment Office (422-5895), or the Honor Code Office (422-2847). If you have any disability which may impair your ability to complete this course successfully, please contact the Services for Students with Disabilities Office (422-2767) and discuss it with me.

I will use email to make additional comments and provide useful information about class requirements or substantive content. As a result, you should check your email at regular intervals.
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<tr>
<th>Date</th>
<th>Topic</th>
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<tr>
<td>Aug 29</td>
<td>Introduction, Syllabus</td>
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<td>Aug 31</td>
<td>History of Money</td>
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<td>Weatherford, Intro &amp; ch. 1-6</td>
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<td>Sept 5</td>
<td>No Class: Holiday</td>
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<td>Sept 7</td>
<td>History of Money</td>
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<td>Weatherford, ch. 7-12</td>
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<td>Sept 12</td>
<td>Economics of Money</td>
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<td>Sept 14</td>
<td>Economics of Money</td>
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<td>Sept 19</td>
<td>Creating National Currencies</td>
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<td>Helleiner, Intro &amp; ch. 1-2</td>
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<td>Cohen, Intro &amp; ch. 2</td>
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<td>Sept 21</td>
<td>Creating National Currencies</td>
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<td>Helleiner, ch. 3-5</td>
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<td>Sept 26</td>
<td>Creating National Currencies</td>
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<td></td>
<td>Helleiner, ch. 7-10 (choose any 2)</td>
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<td></td>
<td>Emily Gilbert and Eric Helleiner, “Introduction,” in Gilbert and Helleiner, eds., <em>Nation-States and Money</em>, 1999</td>
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<td>Sept 28</td>
<td>Currency Sharing and Subordination</td>
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<td>Cohen ch. 3-4</td>
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<td>Oct 3</td>
<td><strong>Tentative Topic Statement due in class (1 paragraph)</strong></td>
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<td>Group Discussion of Paper Topics</td>
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<td>Oct 5</td>
<td>Why the Euro?</td>
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<td>Wayne Sandholtz, “Choosing Union: Monetary Politics and Maastricht,”</td>
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<td><em>International Organization</em>, Winter 1993</td>
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<td>Oct 7</td>
<td><strong>Prospectus Due (4:45 pm, 745 Kimball Tower)</strong></td>
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(Friday)
Oct 10 Domestic Politics of Money  

Oct 12 Dollarization  

Oct 14 (Friday) Group Office Hour: Economics of Monetary Union  
(Students considering papers on monetary union, EMU, fixed exchange rates, currency pegs, and similar topics should definitely attend. All are welcome.)

Strongly recommended:  
(on Blackboard, not in packet)

Oct 17 Currency Competition  
Cohen ch. 5-7

Oct 19 The Dollar vs. the Euro  

Richard Cooper, “Key Currencies After the Euro,” *World Economy*, January 1999

Oct 24 Discuss Papers and Presentation Requirements

Oct 26 No Class: Individual Paper Consultations

Oct 28 (Friday) **Rough Draft Due (4:45 pm, 745 Kimball Tower)**

Oct 31 No Class: Individual Paper Consultations

Nov 2-21 **Oral Presentations** (3 per day x 6 days; schedule to be announced)  
**Polished Draft Due** (depends on presentation day)

Nov 23 No Class: Thanksgiving holiday

Nov 28, 30 No Class: Individual Paper Consultations

Dec 5 Wrap Up

Dec 7 No Class  
**Final Paper Due (4:45 pm, 745 Kimball Tower)**

**No Final Exam**