

IR 330: Politics of the World Economy

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Office Hours: Tuesday 2pm to 3pm; Wed 10am to 12pm

Class location and time: VKC 102, TTH, 9:30-10:50am

Course Overview

This course will explore questions and concepts in international economics and politics, specifically as they relate to flows of trade, capital, people, and problems across borders. The goals of this course are to introduce students to thinking about politics in a systematic fashion, develop theoretical skills necessary for understanding the underpinnings of global economic relations, and provide students with some of the skills to be critical observers of the world around them.

Course Readings

There are three required texts for this class. The first (Oatley) is a general introductory text on international political economy. The second (Frieden et al.) is a compilation of articles that covers similar topics as Oatley, but the various authors show how theoretical concepts can be applied to standard concerns in international political economy. The last two represent often contrasting views on the varied economic and political impacts of globalization, with an emphasis on the developing world. You can certainly find used versions of Bhagwati and Stiglitz online, and they are not needed until the end of the semester.

Oatley, Thomas. 2007. *International Political Economy: Interests and Institutions in the Global Economy, 4th Edition*. New York: Longman.

Frieden, Jeffrey and David Lake and Lawrence Broz. 2010. *International Political Economy: Perspectives on Global Power and Wealth*. Fifth edition.

Bhagwati, Jagdish. 2005. *In Defense of Globalization*. New York: Oxford University Press.
ISBN-13: 978-0195300031

Stiglitz, Joseph. 2003. *Globalization and Its Discontents*. New York: WW Norton. Paperback.
ISBN 0-393-32439-7

If you download the Word version of the syllabus from the BlackBoard site the links to any additional readings should take you directly to them. I encourage students to check the Blackboard page often, as it will also be the mechanism by which class updates and announcements are made. Additionally, I may assign additional readings that are not listed on the syllabus. If I do, I will announce the assignments in class and upload them to Blackboard.

Course Expectations

Although much of the course will consist of lecture, I will endeavor to allow time each class for questions/comments. In addition, each week we will devote some time on either Tuesday or

Thursday to substantial discussion. This is a good time for you to ask questions about topics you do not understand or about current events.

Late Policy

Unless you have a compelling reason (sickness, prearranged travel, etc) you cannot take the midterm late or early. Late papers (Op-Ed piece and Final paper) will be penalized at the rate of 1/3 letter grade per day for a maximum of two grades. You **MUST** be in attendance on the day you choose to present a reading.

Student Evaluation

1. Midterm Examination	25%
2. Op-Ed Piece	20%
3. Presentations and Class Participation	15%
4. Final Paper	40%

Midterm Examination

The midterm will be in-class, closed-note and book, and will consist of a mix of short answer and essay questions. The short answer questions will be drawn from the readings (in the event you needed added encouragement), and a typical short answer will be 3-4 sentences long. The essay questions will be based on class lectures, course readings, and supplemental course materials, and will be somewhat longer. The midterm should fit neatly in a single blue book. You cannot use any device that has internet access while taking the midterm.

All students must take the midterm at the scheduled time. Missed exams may be made up only after a Doctor's note has been submitted explaining that the student was too ill to take the exam. I reserve the right to make exceptions to this policy, but will be inclined to exercise it only under extremely special circumstances.

Op-Ed Piece

Two of the most important components of a college education are 1) learning to think critically about the world around you, and 2) being able to express those thoughts to others. To be a critical observer, you must stay current with world events. To this end, you are expected to follow news and current events, specifically as they regard international economic relations. Sources like the [New York Times](#), [Financial Times](#), [The Economist](#), and [BBC News](#) are excellent sources of material.

To be an effective communicator, you need to practice writing. To this end, you must write a 750-word op-ed piece, providing commentary on and analysis of an important news event. Summarizing the event will not be enough: to do well, you must provide new and unique insights. Scanning the opinion section of the aforementioned news sources should give you a good idea of the format and writing style.

When submitting your op-ed piece, you must include links to or hard copies of the two news articles that mostly directly informed your subject matter. The op-ed piece will be due on the Wednesday of the 11th week of class. Late papers will be penalized at the rate of 1/3 letter grade per day.

Presentations of Readings and Class Participation

Each of you will be responsible for presenting different reading(s) during the semester. I will provide more information about what exactly needs to be in your presentation, but essentially the idea is to present a brief summary of the major points of an assigned reading and then connect the reading to the topics for that week and current events. These presentations and the associated handouts should be useful in studying for the midterm exam and writing your final paper.

Final Paper

The final paper is an essay (8-10 double-spaced pages, 12pt font) addressing topics covered in the course. The essay questions will test your knowledge of information and concepts covered in the entire course, and you must address all parts of the question. The prompt will be distributed in class on Tuesday of the 15th week of class and will be due Thursday, December 9th. Late papers will be penalized at the rate of 1/3 letter grade per day.

Students with Disabilities

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to TA) as early in the semester as possible. The phone number for DSP is 213-740-0776. If you need assistance with the process, please contact me at the phone number or e-mail address above.

Academic Dishonesty

I take academic dishonesty EXTREMELY seriously. Any student violating USC's Academic Dishonesty or Student Conduct policies will earn an 'F' in the course and will be reported to the appropriate administrators for investigation. You should review the Trojan Integrity Guide: <http://www.usc.edu/student-affairs/SJACS/forms/tio.pdf> and the guide for avoiding plagiarism: <http://www.usc.edu/student-affairs/SJACS/forms/tig.pdf>

Contacting Me

I endeavor to be accessible to you on email (nweiler@usc.edu). However, I expect you to respect the fact that I am not online and at your disposal 24-7. I will try to answer any email received in 24 hours, though from time to time this may not be possible.

Policy on Regrades/Grade Changes

Student evaluation is serious business, and I treat it accordingly. Any petition for a regrade (other than the event of a mathematical error) must be made in writing, and the student must demonstrate specific areas of oversight on my part. If accepted, the petition will result in a full regrade, as evidence of oversight on my part suggests that the entire assignment would benefit from a closer look. Your grade may go up or down at this point, so plan accordingly.

Course Meetings and Readings

The reading load for this course can be significant, and varies somewhat from week to week. You are expected to have read and digested the day's readings prior to class. In the event that I get the impression that you are not keeping up with the assigned readings, I will be forced to conceive of ways (unannounced quizzes, cold calling, etc) to give you added incentive.

Week 1, August 24th: Introduction to the World Economy

T: Puzzles and Course Overview

Th: A Snapshot of the World Economy

Taubes, Gary. Do We Really Know What Makes Us Healthy? *New York Times*

Oatley, Ch. 1, pp. 1-7.

Oatley, Ch.1, pp. 14-19, Ch. 2.

Week 2, August 31st: Development of the Modern Economy

T: From Mercantilism to the WTO

Frieden et al., Chapter 4, "Globalization of the Economy" by Jeffrey Frankel

Wilson, Woodrow. 1918. "The Fourteen Points."

http://wwi.lib.byu.edu/index.php/President_Wilson%27s_Fourteen_Points

Th: Future and Effects of the WTO

Frieden et al., Chapter 23 "What You Should Know about the World Trade Organization" by Alan V. Deardorff and Robert M Stern

Rauch, Jonathan. 2000. "Can Trade be Saved from the WTO?"

<http://www.theatlantic.com/politics/nj/rauch2000-05-16.htm>

Week 3, September 7th: Theoretical Approaches to Political Economy

T: Historical Approaches: Mercantilism, Liberalism, Marxism and Dependency

Oatley, Ch.1, pp. 8-14

Frieden et al. "Introduction"

Lenin, Vladimir. 1917. "Imperialism, the Highest Stage of Capitalism." In Lenin's Selected Works, Progress Publishers: Moscow. Chapter 4

(<http://www.marxists.org/archive/lenin/works/1916/imp-hsc/ch04.htm>) & Chapter 5

(<http://www.marxists.org/archive/lenin/works/1916/imp-hsc/ch05.htm>).

Th: Realism

Frieden et al. Chapter 1, "State Power and the Structure of International Trade" by Stephen Krasner

Krugman, Paul. 1994. "Competitiveness: A Dangerous Obsession." *Foreign Affairs*

Week 4, September 14th: Interests, Institutions, Interactions, and Outcomes

T: Interests and Institutions

Frieden, Jeffrey A., David A. Lake, and Kenneth A. Schultz. Forthcoming. International

Relations: Interests, Interactions, and Institutions, Ch. 2. See BlackBoard Website

Th: Collective Action Problems and Institutions

Sandler, Todd. 2004. Global Collective Action, Ch. 1.

<http://assets.cambridge.org/97805218/34773/sample/9780521834773ws.pdf>

Week 5, September 21st : To Trade or Not to Trade?

T: Gains from Trade: David Ricardo and Comparative Advantage

Oatley, Ch. 3.

Frieden et al. Chapter 19, "The Controversy over Free Trade: The Gap between Economists and the General Public" by Cletus Coughlin

Th: More Gains from Trade; Society-based Explanations for Trade Policy

Oatley, Ch. 4.

Frieden et al. "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions" by James Alt and Michael Gilligan

Week 6, September 28th: What to Trade, and How to Trade It

T: Terms of Trade and Economic Development

Singer, H.W. 1950. "The Distribution of Gains between Investing and Borrowing Countries."

The American Economic Review 40 (2): 473-485. <http://www.jstor.org/stable/1818065>

Th: State-based Explanations for Trade Policy

Oatley, Ch. 5.

Gowa, Joanne, and Edward. D. Mansfield. 1993. "Power Politics and International Trade."

American Political Science Review 87 (2): 408-420. <http://www.jstor.org/stable/2939050>

Week 7, October 5th: International Monetary Relations

T: International Monetary Relations

Oatley, Ch. 10 & 11.

Frieden et al, Chapter 16 "Globalization and Exchange Rate Policy" by Jeffry Frieden

Th: Society-based Explanations for Monetary Policy

Oatley, Ch. 12.

Frieden et al. Chapter 17, "Divided Opinion, Common Currency: The Political Economy of Public Support for EMU." By Matthew Gabel

Frieden et al, Chapter 14, "Hegemonic Stability Theories of the International Monetary System" by Barry Eichengreen

Week 8, October 12th: Midterm and Review

T: Midterm Review

Th: Midterm Examination

Week 9, October 19th: International Finance: Moving Capital

T: Development and Foreign Investment

Oatley, Ch. 14.

Th: The Lost Decade and the Current Credit Crunch

Oatley, Ch. 15.

Listen to or Read This American Life Podcast: "The Giant Pool of Money."

http://audio.thisamericanlife.org/player/CPRadio_player.php?podcast=http://www.thisamericanlife.org/xmlfeeds/355.xml&proxyloc=http://audio.thisamericanlife.org/player/customproxy.php

Commanding Heights: Episode 3, Chapter 11-14

Discuss Op-ed assignment, due Tuesday, November 3rd

Week 10, October 26th: Moving People: Immigration and Human Trafficking

T: Immigration and Wage Differentials

Pritchett, Lant. 2008. "The Place Premium: Wage Differences for Identical Workers across the US Border. The Place Premium: Wage Differences for Identical Workers across the US Border." Working paper.

http://ksghome.harvard.edu/~lpritch/CMP_place_premium_july10v2.doc

Hanson, Gordon, Kenneth Scheve and Matthew Slaughter. 2007. "Public Finance and Individual Preferences over Globalization Strategies." *Economics and Politics*. Volume 19, Number 1, March 2007, pp. 1-33(33)

Th: Human Trafficking

Varynen, Raimo. 2003. "Illegal Immigration, Human Trafficking, and Organized Crime." United Nations University Discussion Paper. http://www.wider.unu.edu/publications/working-papers/discussion-papers/2003/en_GB/dp2003-072/files/78091733799863273/default/dp2003-072.pdf

Week 11, November 2nd: Globalization: What Is It? Where Is It Headed?

T: Globalization

Oatley, Ch. 16.

Frieden et al. Chapter 12, "Globalization and Policy Convergence" by Daniel Drezner

Op-ed pieces due in class

Th: Alternate Perspectives: Stiglitz vs. Bhagwati

Stiglitz, Ch. 1&2.

Bhagwati, Ch. 1-4.

Week 12, November 9th: Increasing Inequality, Environmental Degradation, International Terrorism

T: Anti-Globalization Sentiment: Economic Effects

Frieden et al. Chapter 22. "Are Your Wages Being Set in Beijing?" by Richard Freeman

Dollar, David. 2005. "Globalization, Poverty, and Inequality since 1980." World Bank Research Observer 20 (2): 145-175. <http://wbro.oxfordjournals.org/cgi/content/abstract/20/2/145>

Th: Environmental and Cultural Dimensions Effects

Frieden et al. Chapter 29 "Globalization and the Environment" by Jeffrey Frankel

Cowen, Tyler. 2002. *Creative Destruction* adapted for National Post. Go to:

<http://www.gmu.edu/jbc/Tyler/> and search for "National Post" and read the associated article

Week 13, November 16th: Economic Development

T: Overview of Key Development Issues

Frieden et al. Chapter 26, "Root Causes: A Historical Approach to Assessing the Role of Institutions in Economic Development" by Daron Acemoglu

Oatley, Ch. 6., Chpt 7, pp. 140-150

Rodrik, Dani. 1995. "Getting Interventions Right: How South Korea and Taiwan Grew Rich." *Economic Policy* 10 (20): 55-97. <http://www.jstor.org/stable/1344538>

Th: The End of ISI and Structural Adjustment

Oatley, Ch. 7, pp. 151-165.

Stiglitz, Ch. 3, 5.

Frieden et al. Chapter 28, "The Political Economy of Trade Policy Reform: Lessons from Developing Countries" by Razeen Sally

Week 14, November 23rd: Globalization and Development: Liberal and Neo-liberal reform

T. Results?

Bhagwati, Ch. 5, 9, 11.

Frieden et al. Chapter 31 "How to Save Globalization from Its Cheerleaders" by Dani Rodrik

Th: No class. Happy Thanksgiving.

Week 15, November 30th: Globalization: Addressing Discontent

T: Making Globalization Work

Stiglitz, Ch. 7-9.

Bhagwati, Ch. 15-18.

Frieden et al, Chapter 30, "A New Deal for Globalization" by Kenneth Scheve and Matthew Slaughter

Final Exam Prompt Distributed

Th: Discuss Final Exam prompt. Answer questions, etc

Final Exam Due: December 9th

Template for Weekly Presentations

Presentations should go directly to the heart of the analysis and succinctly state the point of the author's point – the outcome they are studying (trade policy, development, etc), the motivation or puzzle, argument, and findings. Avoid summarizing the details. I strongly encourage all students to prepare a PowerPoint or hard copy of their presentation. Please use the following template to help isolate the main topic and arguments:

Author	Question	Outcome	Explanation
Mancur Olson, <i>Logic of Collective Action</i>	Why do groups (interest groups, unions, political parties, etc) sometimes form and other times do not?	Differences in the rates of formation of special interest groups – Some individuals with common interest form special s	Number of individuals Proportion of benefits going to each group member Use of selective (private) incentives to induce membership

Note: If the author explains more than one outcome, use multiple listings.

- Handouts or transparencies are extremely useful. These will help highlight main points and focus attention on areas of debate for further discussion. Keep them simple! As a rule, less is more.

In addition to the basic summary of the author's points you need to include the follow items in your presentation and handout:

- Evaluate the author's evidence for the explanation for the given outcome. Do you find the evidence or theory convincing? Why or why not?
- How does the reading fit into the overall topics and other readings for this week? Identify other arguments or authors that your author agrees and disagrees with.
- Connect the author's argument/point to topics in current events. For help with this I suggest reading The Economist (www.economist.com) or New York Times (www.nytimes.com).
- Be prepared to answer questions from me and from other students in the class. You should be able to answer questions from the author's point of view and also argue whether you think s/he is right or wrong.

NOTE: You will be graded on both your actual presentation to the class and the 1-page summary sheet you turn in.