IR 330: Politics of the World Economy

Nicholas Weller
Office: VKC 232C
Email: nweller@usc.edu
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.


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 (nweller@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 Jeffreý Frankel  
*[http://wwi.lib.byu.edu/index.php/President_Wilson%27s_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?”  

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”  

*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, Jeffry 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
*[http://assets.cambridge.org/97805218/34773/sample/9780521834773ws.pdf](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.

**Week 6, September 28th: What to Trade, and How to Trade It**
*T: Terms of Trade and Economic Development*

*Th: State-based Explanations for Trade Policy*
Oatley, Ch. 5.

**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 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.
*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

Th: Human Trafficking

Week 11, November 2nd: Globalization: What Is It? Where Is It Headed?
T: Globalization
Oatley, Ch. 16.
Frieden et al. Chapter12, “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

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

**Th: The End of ISI and Structural Adjustment**
Oatley, Ch. 7, pp. 151-165.
Stiglitz, Ch. 3, 5.

**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:

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

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](http://www.economist.com)) or New York Times ([www.nytimes.com](http://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.