IR 326: US Foreign Economic Policy

Dr. Timothy Turnbull

Spring 2020

Email: tturnbul@usc.edu  Web: www.timothyturnbull.com
Office Hours: Wed 1:30-3:30  Class Hours: Mon/Wed 5:00-6:20
Office Location: VKC 354  Class Room: VKC 156

Course Description

This course will examine the role of the United States in the global economy. Aside from possessing a preponderance of military power, the US derives a significant portion of its power and global influence from its structural position in the world's economic system. The US not only reaps significant benefits from the international trade and financial regimes it established in the wake of WWII, but, given that it also possesses the world’s largest and most dynamic economy, it is able to use its economic might to further its political goals.

Throughout the semester, we will cover US foreign economic policy from several angles, exploring the US's structural power in the international economy, its historical development from an isolationist to a hegemonic power, its role in establishing and maintaining the post-war liberal world order, the growing use of economic coercion to further US political goals, and the various domestic and international challenges the US faces in maintaining its influence over the global economy. In particular, we will explore the ways in which the 2008 financial crisis, US industrial decline and concomitant demographic shifts, the rise of China, and the growth of protectionism will affect US power in the 21st century. All the while, we will be pay special attention to the complex and multi-directional relationship between economics, security, and US grand strategy.

Learning Objectives

By participating in this course, you will be able to:

- Understand and explain the importance of the economic power of the United States as it relates to world politics.
- Describe the creation of the liberal world order and offer an informed opinion as to the future of the order.
- Comprehend and elaborate on the complex drivers, both international and domestic, of foreign economic policy, including the domestic distributional effects of foreign economic policy decisions.
Assignments and Grading

Grades for this course will be based on:

- Participation: 15%
- Midterm Exam (March 11th): 25%
- Paper (Due March 30th): 25%
- Final Exam (May 6th - 4:30-6:30) 35%

Late Paper Policy

If you are unable to turn your assigned work in on time, you will be penalized one half grade per day on that assignment. For example, an otherwise A+ (100%) paper would be marked as 95% if it were to be turned in a day late, and 90% if turned in two days late. This penalty will be applied after the paper has been graded.

Absence Policy

Attendance is mandatory. If you must be absent from a class meeting, you must contact me beforehand with your reasoning and/or a relevant doctor’s note. Failure to do so will result in a reduction of your participation score by 1 point (10%).

Policy on Electronic Devices

You are allowed to use a laptop computer to take notes only. Any misuse of a computer during class (perusing social media, for example) will result in a 1 point (10%) reduction in your participation score. The use of cellphones is strictly prohibited during class time.

Accommodations

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 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.

Academic Honesty

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 are responsible for reviewing the Trojan Integrity Guide:

- [https://sjacs.usc.edu/students/academic-integrity/](https://sjacs.usc.edu/students/academic-integrity/)
Course Materials:

All readings will be available on Blackboard. You will not need to purchase any books for this class.

Course Schedule:

Week 1: Introduction - US Economic Power

• January 13 - Course Introduction and Overview of the Syllabus
• January 15 - The Sources of US Power

Readings


Week 2: Theoretical Foundations

• January 20 - MLK Day - No Class
• January 22 - Structural and Domestic Theories

Readings


Week 3: Early America: Isolationism and Infant Industry Policy

• January 27 - Alexander Hamilton and Early American Protectionism
• January 29 - American Growth Under the *Pax Britannica*

Readings

**Week 4: The Depression, the Tariff, and the War**

- **February 3 - The Depression and the Smoot-Hawley Tariff**
- **February 5 - The Lend-Lease Act and Domestic Production During WWII**

**Readings**


**Week 5: Structuring the World Economy: From Bretton Woods to the Washington Consensus**

- **February 10 - The Creation of the Post-War World Order**
- **February 12 - Institutional Change and the Neoliberal Era**

**Readings**

Week 6: The Power of the Dollar

- February 17 - President’s Day - No Class
- February 19 - The Power of the Dollar

Readings


Week 7: The US and the Global Trading Regime

- February 24 - From the GATT to the WTO
- February 25 - Trade Disputes and the Dispute Resolution Mechanism

Readings


Week 8: Economic Coercion

- March 9 - US Economic Sanctions
- March 11 - Midterm Exam

Readings

Week 9: Spring Recess - No Class

Week 10: Geopolitics

- March 23 - Oil, Rare Earth Metals, Uranium, and Water: The Material Basis of US Power
- March 25 - No Class - Professor at Conference

Readings


Week 11: US Power and the Financial Crisis

- March 30 - The US Subprime Crisis and Its International Effects
- April 1 - Governing the Post-Crisis Financial World

Readings

- Kirshner, Jonathan, American Power After the Financial Crisis (Ithaca: Cornell University Press, 2014), ch. 5-7

Week 12: The Rise of China

- April 6 - China Rising: Investments Abroad and ‘One Belt, One Road’
- April 8 - The US-China Economic and Strategic Balance

Readings

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Week 13: Domestic Structural Changes

- April 13 - Industrial Decline and Protectionism - 1970s - Present
- April 15 - Outsourcing, Offshoring, and Demographic Change

Readings


Week 14: Trump’s Trade War(s)

- April 20 - International and Domestic Motivations
- April 22 - Retaliation and Escalation: Is Anyone Winning?

Readings

- Bown, Chad P., and Melina Kolb, “Trump’s Trade War Timeline: An Up-to-Date Guide,” Peterson Institute for International Economics - Updated October 11, 2019
Week 15: The Future of US Economic Power

• April 27 - Secular Decline or Messy Resilience?
• April 29 - What Will Become of the Liberal World Order?

Readings


Final Exam: Wednesday, May 6 - 4:30-6:30