

Course Syllabus: PLSC 412

International Political Economy

Summer 2018
Mon-Fri 11:10 am–12:25 pm
Willard 258

Instructor: Minhyung Joo
Pennsylvania State University
Department of Political Science
224 Pond Lab

E-mail: mxj222@psu.edu

Office Hours: Tuesday, Thursday 3pm–5pm or by appointment.

Courses Description

International Political Economy is an undergraduate course designed to provide a conceptual and empirical background necessary to understand globalization and the changes taking place in the international economy. While concepts from international economics will be studied in this course, the focus of this course is not on economic theory *per se* but rather on analyzing critical empirical issues in the current international economic system. We will particularly analyze issues related to the politics of international economic relations and economic globalization. At a broader level, we study topics such as international trade policy and protectionism, foreign investment, the politics of international finance and financial crises, and the future of the global economic system. More specifically, we examine subjects including the politics of trade conflict at the GATT/WTO, trade reforms in the developing world, the role of multinational corporations in the world economy, the consequences of foreign direct investment, the emergence of currency unions, the role of international financial institutions such as the IMF and debates over outsourcing and financial crises. For each topic, we will analyze a variety of theoretical explanations along with some historical and contemporary examples.

Course Requirements

Midterm Exam	30%
Final Exam	30%
In-class Assignments (8)	20%
Class Participation + Discussion	10%
Attendance	10%

Policies

A **formal documentation in writing** is required for excused absences and missed exams. **Make-up exams** will NOT be given unless you have a formal documentation to support the reason for

your absence. Your attendance will NOT be penalized for a maximum of three unexcused absences. Absences beyond three unexcused absences will adversely affect your attendance.

Grading

Grades will be determined by a strict percentage. The grading scale is as follows:

A	94 – 100	C+	76 – 79
A-	90 – 93	C	70 – 75
B+	87 – 89	D	60 – 69
B	83 – 86	F	below 60
B-	80 – 82		

Course Schedule

Week 1

May 14 **Class Introduction**

May 15 **Perspectives on International Political Economy**

- Ben S. Bernanke. August 25 2006. “Global Economic Integration: What’s New and What’s Not,” Federal Reserve Bank of Kansas City’s Thirtieth Annual Economic Symposium, Jackson Hole, Wyoming.
- Robert O Keohane and Joseph S Nye Jr. 2000. “Globalization: What's new? What's not? (And so what?).” *Foreign Policy* Washington. Read pages 1 to 5.

Part I: Politics of International Trade

May 16 **Why do states trade?**

- Milton and Rose Friedman, “The Case for Free Trade,” Hoover Digest, Fall 1997. Read all 4 pages of the article.
- Brent Radcliffe. June 2011. “The Basics of Tariffs and Trade Barriers,” <http://www.investopedia.com/articles/economics/08/tariff-trade-barrier-basics.asp#axzz1US7oSDGi>.

May 17 **The politics of trade protection**

- Kimberly A. Elliott. April 2005. “Big Sugar and the Political Economy of US Agricultural Policy,” *Center for Global Development Brief*. Read pages 1-2 and pages 4 - 5.
- Chrystia Freeland. July 2011. “Winners and Losers in the Apple Economy.” Reuters, U.S. edition. <http://blogs.reuters.com/chrystia-freeland/2011/07/01/winners-and-losers-in-the-apple-economy/>
- Center for Global Development. June 15 2006. “Global Trade, Jobs, and Labor Standards.” Read full article (3 pages).

May 18 The Political Economy of Trade Reform

- Wigg *et al.* 2007. “Will International Trade Reduce Poverty? A Background Note to Norad.” Read pages 18-21. These pages include the following sections: “Empirical evidence on the impact of trade on poverty”; “the importance of inequality to poverty in a trade perspective” and “trade and the environment.”

Week 2

May 21 Domestic politics and trade protection

- Kenneth F. Scheve and Matthew J. Slaughter. July/August 2007. “A New Deal for Globalization” *Foreign Affairs*. Read pages 34-42.
- Helen V. Milner and Benjamin Judkins. 2004. “Partisanship, Trade Policy, and Globalization: Is There a Left-Right Divide on Trade Policy?” *International Studies Quarterly* 48. Read pages 95-103.
- Helen V. Milner with Keiko Kubota. 2005. “Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries,” *International Organization* 59. Read pages 107-111, 115-118.

May 22 International Institutions and Trade: The WTO

- Meredith A. Crowley. 2003. “An Introduction to the WTO and GATT,” *Economic Perspectives*. Read pages 42-44.
- Marc Busch. 2004. “The WTO Dispute Settlement System and Developing Countries.” Trade Brief, SIDA Publication Series, Read pages 1-3, “How WTO Dispute Settlement Works?”
- NBER Digest. May 2003. “Does the World Trade Organization Actually Promote World Trade?” <http://www.nber.org/digest/may03/w9347.html>. Read full document (2 pages).

May 23 Documentary Screening

May 24 National security and trade: does trade follow the flag?

- Andrea E. Goldstein and Steven M. McGuire. 2004. “The Political Economy of Strategic Trade Policy and the Brazil-Canada Export Subsidies Saga,” *World Economy*. Read pages 541-546, Skim pages 549-554 briefly (for a background of the Embraer-Bombardier case) and read pages 554-557.
- Brink Lindsey. December 2001. “Free Trade and Our National Security.” Center for Trade Policy Studies, CATO Institute, <http://www.freetrade.org/node/244> .

May 25 NO CLASS

Week 3

Part II: Multinational Corporations and Foreign Investment

May 28 **Memorial Day (No Class)**

May 29 **Multinational corporations, foreign investment and nationalization**

- Glen Biglaiser and Karl DeRouen, Jr., “Security, Property Rights, and US Foreign Direct Investment,” November 2005. Read pages 1-8.
- Daniel H. Rosen and Thilo Hanemann. 2011. “An American Open Door? Maximizing the Benefits of Chinese Foreign Direct Investment.” *Asia Society Special Report*. Read pages 62-67 in chp VI: Doormen: Policy and Politics).

May 30 **MNCs and workers in the developing world**

- Benjamin Powell and David Skarbek. 2004. “Sweatshops and Third World Living Standards: Are the Jobs Worth the Sweat?” Unpublished Manuscript. Read pages 2-12 (these pages contain several figures and tables which are quite interesting!).
- Terry Collingsworth, J. William Goold, and Pharis J. Harvey. Jan/Feb 1994. “Labor And Free Trade: Time For A Global New Deal.” *Foreign Affairs*. Read page 8, 10-13.
- International Labor Rights Fund. May 2005 Report. “Child Labor in Agriculture: Focus on Child Labor on Cocoa Farms in West Africa and the Chocolate Industry’s Initiative to Date.” Read full article (5 pages).

May 31 **MNCs and job loss? Outsourcing and off-shoring**

- Drezner, Daniel W. 2004. “The Outsourcing Bogyman.” *Foreign Affairs* 83 (May/June): Read pages 22-23, 25-30.
- Blinder, Alan S. 2006. “Offshoring: The Next Industrial Revolution?.” *Foreign Affairs* 85 (March/April): Read pages 113-114, 118-122.
- Mary Amity and Shang-Jin Wei. December 2004. “Demystifying Outsourcing,” *Finance and Development*. Read full article (4 pages).
- N. Gregory Mankiw and Phillip Swagel. March 2006. “The Politics and Economics of Offshore Outsourcing” Read pages 3 (from “politics of outsourcing) to page 6.

June 1 **Midterm Exam Review**

Week 4

June 4 Midterm Exam

Part III: Politics of International Finance

June 5 The political economy of domestic financial crises

- Dominick Salvatore. March 2009. "The Financial Crisis: Causes, Effects, Policies, Reforms, and Investment Strategies." GE Asset Management Working paper, read pages 1-3.
- Paul Krugman. "Moment of Truth." *New York Times*, October 10th 2008.

June 6 Financial Crisis of 2007-2008: The Big Short

June 7 Financial Crisis of 2007-2008: The Big Short

June 8 Financial Crisis of 2007-2008: The Big Short

Week 5

June 11 Introduction to international financial policies and financial disputes

- Oatley, 241-242 ("The Unholy Trinity"). [will be distributed in class].
- Sewell Chan. September 18th 2010. The U.S.-China Exchange Rate Squeeze. *New York Times*.
- Benjamin Cohen, Global Currency Rivalry: Can the Euro Ever Challenge the Dollar? Manuscript, UC Santa Barbara, Global and International Studies; read pages 4 (from "performance) to 9.

June 12 Politics, exchange rate choice and currency unions

- Oatley, 260-281
- Andrew Rose. 2006. "Currency Unions." Read pages 2-6.

June 13 Politics, exchange rate choice and currency unions

- J. Lawrence Broz and Jeffrey A. Frieden. 2006. "The Political Economy of Exchange Rates," *Handbook of Political Science*, Read pages 588-594.
- Frieden, Jeffrey. "Globalization and Exchange Rate Policy." *In The Future of Globalization*, edited by Ernesto Zedillo, Read pages 344-351.

June 14 The political economy of financial crises: currency crises

- David Leblang and Shanker Satyanath, “Institutions, Expectations, and Currency Crises,” *International Organization* 60 (2006), Read pages 245-250.
- Jeffrey Sachs. March/April 1998. “The IMF and the Asian Flu,” *American Prospect*. Read pages 1-5.

Part IV: The Global Economy in the 21st Century

June 15 The BRIC economies and the emerging global economy

- Goldman Sachs. 2003. “Dreaming with BRICs: The Path to 2050” *Global Economics Paper* no. 99. [I will list the pages that you should read in class].
- *The Economist* (Print edition), April 15th 2010. “The BRICs: The trillion-dollar club.” Read full article.
- Daniel W. Drezner. March/April 2007. “The New World Order,” *Foreign Affairs* Vol. 86, No.2. Read pages 34-41.

Week 6

June 18 The United States in the 21st Century

- Don Peck. March 2010. “How a New Jobless Era Will Transform America.” *The Atlantic*, read pages 1-5.
- Naazneen Barma, Ely Ratner and Steven Weber. (July/August 2007). "A World Without the West" in *The National Interest*. Read pages 23-29.
- Suzanne Nossel and David Shorr. 2008. “A Stake in the System: Redefining American Leadership” The Stanley Foundation Working Paper, read pages 17-20.

June 19 The Rise of China in the International Economy

- Naazneen Barma and Ely Ratner. Fall 2006. "China's Illiberal Challenge" in *Democracy: A Journal of Ideas*. Read pages 56-65.
- John Ikenberry. January/February 2008. “The Rise of China and the Future of the West: Can the Liberal System Survive?” *Foreign Affairs* [I will list the pages that you should read in class].

June 20 Documentary Screening

June 21 Final Exam Review

June 22 Final Exam

University Policies

Academic Integrity

Penn State defines academic integrity as the pursuit of scholarly activity in an open, honest and responsible manner. All students should act with personal integrity, respect other students' dignity, rights and property, and help create and maintain an environment in which all can succeed through the fruits of their efforts.

Dishonesty of any kind will not be tolerated in this course. Dishonesty includes, but is not limited to, cheating, plagiarizing, fabricating information or citations, facilitating acts of academic dishonesty by others, having unauthorized possession of examinations, submitting work of another person or work previously used without informing the instructor, or tampering with the academic work of other students. Students who are found to be dishonest will receive academic sanctions and will be reported to the University's Judicial Affairs office for possible further disciplinary sanction. For further information, please read University Faculty Senate Policy 49-20 at <http://senate.psu.edu/policies-and-rules-for-undergraduate-students/47-00-48-00-and-49-00-grades/#49-20> (Links to an external site.).

Disability Access

Penn State welcomes students with disabilities into the University's educational programs. Every Penn State campus has an office for students with disabilities. The Office for Disability Services (ODS) Web site provides contact information for every Penn State campus: <http://equity.psu.edu/ods/dcl> (Links to an external site). For further information, please visit the Office for Disability Services Web site: <http://equity.psu.edu/ods> (Links to an external site).

In order to receive consideration for reasonable accommodations, you must contact the appropriate disability services office at the campus where you are officially enrolled, participate in an intake interview, and provide documentation: <http://equity.psu.edu/ods/guidelines/> (Links to an external site). If the documentation supports your request for reasonable accommodations, your campus's disability services office will provide you with an accommodation letter. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. You must follow this process for every semester that you request accommodations.

Nondiscrimination

Penn State is committed to equal access to programs, facilities, admission and employment for all persons. It is the policy of the University to maintain an environment free of harassment and free of discrimination against any person because of age, race, color, ancestry, national origin, religion, creed, service in the uniformed services (as defined in state and federal law), veteran status, sex, sexual orientation, marital or family status, pregnancy, pregnancy-related conditions, physical or mental disability, gender, perceived gender, gender identity, genetic information or political ideas. Discriminatory conduct and harassment, as well as sexual misconduct and relationship violence, violates the dignity of individuals, impedes the realization of the University's educational mission, and will not be tolerated. For further information, please visit the Affirmative Action Office Website at <http://www.psu.edu/dept/aaoffice/> (Links to an external site).

TEACH Act

The materials on the course website are only for the use of students enrolled in this course for purposes associated with this course and may not be retained or further disseminated.

University Emergency Procedure

In the event of a University-wide emergency, the course may be subject to changes. Exigent circumstances may require alternative delivery methods, class materials, and interactions with the instructor and/or classmates. In addition, there may be revisions to grading policies and the Calendar, including assignments and their due dates.

In the event of a University-wide emergency, please refer to the Canvas website at <https://psu.instructure.com> for specific information related to the course. For more general information about the emergency situation, please refer to the Penn State website at <http://www.psu.edu> ([Links to an external site](#)). Or Penn State News at <http://news.psu.edu> ([Links to an external site](#)).

To register with PSUAlert, a service designed to alert the Penn State community when situations arise that affect the ability of a campus to function normally, please go to <https://psualert.psu.edu/> ([Links to an external site](#)). Subscribers can receive alerts by text message to cell phones, and also can elect to have alerts sent to an email address.

Syllabus Subject to Change

The class will likely adhere to the information outlined in this Syllabus and the Calendar, but adjustments may be made based on what actually transpires during the semester. Remaining in the course after reading this Syllabus will signal that you accept the possibility of changes and responsibility for being aware of them.