

Professor Christina J. Schneider

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DESCRIPTION: The global financial crisis 2007-2010 which has been one of the worst financial crises since the end of the second World War has sparked renewed debate about the pros and cons of economic globalization. Why do governments adopt the economic policies they do? Why do they manage to cooperate economically in some cases but not others? And why do governments promote or oppose globalization under different circumstances?

This course serves as an introduction to the study of international political economy (IPE). We will examine the evolution of international economic relations and discuss different explanations for its likely causes and consequences. The course is divided in several sections. After an introduction to the main analytical approaches we will explore political economy explanations to policy outcomes in different issue areas: trade, finance, monetary relations, development, and the consequences of globalization. We will make extensive use of the insights from economics and political science to understand how international economic interactions affect the incentives faced by political actors (voters, interest groups, parties, and politicians), and how the behavior of those political actors under different political institutions shape political and economic outcomes.

PREREQUISITES: This is an advanced undergraduate course and correspondingly the reading load is not light. Students should have taken at least the introduction course to international relations.

TEACHING ASSISTANTS:

Kathryn Baragwanath-Vogel
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REQUIREMENTS: The course requirements consist of a midterm exam (30%), and essay (25%) and a final exam (45%).

Exams. The exams will consist of identification, short-answer, and essay questions, and will be administered in class. The final will be comprehensive. You must take both exams to receive a passing grade for the course. The format for both exams will be the same. **Dates of the exams:**

Midterm exam: October 23rd, 3-3:50pm, SOLIS 104

Final exam: December 11th, 3-5pm, TBA

Written Essay. The essay topic will be given in class on October 26, and the essays will be **due at the beginning of class on November 27**. Grading will be based on the clarity of the position taken, concise writing, well reasoned support of the argument, and inclusion of concepts from the relevant literature covered in the course. Late essays will incur a 20% grade penalty for each day after the deadline. The essay should be typed, double-spaced, with at least 1-inched margins all around, typeface of at least 11 point, and between 5-8 pages in length.

Missed Exams. Make-up exams will only be given under valid, documented, and extreme circumstances. If you know you will miss an exam for a legitimate reason, notify me at least a week in advance. E-mail is perfectly acceptable. If you are not able to contact me in advance, you must do so as soon as possible. I am a reasonable person and will work with you to resolve reasonable problems. It is your responsibility to arrange with me to take a make-up exam.

Attendance. Class attendance will be important for your performance on the exams. Much of the material that we shall cover are not be in the readings. Taking notes will help you structure the substance.

Academic Integrity. You are expected to do your own work. Students caught cheating on exams or plagiarizing their essays will receive a failing grade for the course and will be turned over to the dean of their college for administrative sanctions.

Students agree that by taking this course all required papers will be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. Use of the Turnitin.com service is subject to the terms of use agreement posted on the Turnitin.com site.

Grade Appeals. You can expect to be graded solely on your academic performance. This includes clarity of thought, knowledge of the material, composition, spelling, and grammar. Students who believe to have received an incorrect grade or a grade based on non-academic criteria should formally appeal it to me. The appeal will consist of a single typed page that identifies the problem and presents a reasoned argument that the grade fits the appeal criteria listed above. I reserve the right to downgrade the exam.

Cell Phones/Texting. Please turn off cell phones and other distracting devices before entering class. Cell phones ringing and (especially) texting during class are very distracting to the professor and the other students.

Disability. If you are a student with a documented disability who will be requesting accommodations in my class, please make sure you are registered with the Office for Students with Disabilities (University Center 202; 858.534.4382) and provide me with documentation outlining your accommodations. I will be glad to meet with you privately during my office hours to discuss your special needs.

READINGS: The course readings will be drawn from a textbook and a number of articles. I recommend you to purchase the following book which is available for purchase at the bookstore:

- Thomas Oatley, 2011: International Political Economy (5th edition), New York: Longman.

The book will also be on reserve at the SSH library. **All other readings will be available on Ted UCSD.**

SCHEDULE: The weekly schedule is subject to change. Make sure to check the page numbers that you are required to read; for most of the articles you are only required to read a fraction of the text!

PART 1: INTERNATIONAL TRADE

Friday 9/25: Course Introduction

- Oatley, pp. 1-20.

Monday 9/28: Why do states trade?

- Oatley, pp. 46-53.
- NYT 9/2010: China's Factories Look to Revamp Business Models.

Wednesday 9/30: Why is protectionism costly?

- Kimberly A. Elliott, 2005: Big Sugar and the Political Economy of US Agricultural Policy. Center for Global Development Brief.
- Center for Global Development, 2006: Global Trade, Jobs and Labor Standards.
- WTO: 10 Benefits of the WTO Trading System.

Friday 10/2: Why do states want to restrict trade: The factor and sector model of trade policy preferences.

- Oatley, pp. 69-79

Monday 10/5: Why do states restrict trade? The collective action approach.

- Oatley, pp. 53-62, 79-88.

Wednesday 10/7: Why do states restrict trade? The state-centered approach.

- Oatley, pp. 89-110.
- NYT 09/2010: WTO Said To Find Improper Subsidies for Boeing.

Friday 10/9: What is the role of the World Trade Organization?

- Oatley, pp. 21-44, 58-63 (end at "The ability of governments...").
- Meredith A. Crowley, 2003: An Introduction to the WTO and GATT, Economic Perspectives, 42-57.
- Busch, Marc and Eric Reinhardt, 2004: The WTO Dispute Settlement Mechanism and Development Countries.

Monday 10/12: What is the role of the WTO: Dispute Settlement

- Oatley, pp. 63-68 (start from "The ability of governments...").
- Case summary: WTO Internet Gambling Case

Wednesday 10/14: Do international trade institutions promote trade?

- Judith L. Goldstein, Douglas Rivers, and Michael Tomz, 2007: Institutions in International Relations: Understanding the Effects of the GATT and WTO on World Trade, *International Organization* 61, 37-67.

TOPIC 2: INTERNATIONAL INVESTMENT

Friday 10/16: Why do firms go multinational?

- Oatley, pp. 158-179.

Monday 10/19: Should multinational corporations be regulated?

- Oatley, pp. 180-194.
- Spar/Yoffie vs. Drezner: The Multinational Corporation Race To The Bottom v. The Myth of the Multinational Corporation Race to the Bottom.
- NYT 10/2010: Chavez Reopens Oil Bids to West as Prices Plunge.

Wednesday 10/21: Why is there no international investment organization?

- Oatley, pp. 194-201.

Friday 10/23: MIDTERM EXAMINATION

- No readings.

Monday 10/26: ESSAY RESEARCH HELP

- No readings.

TOPIC 3: INTERNATIONAL FINANCE

Wednesday 10/28: Introduction to international finance

- Oatley, pp. 202-212.

Friday 10/30: Why do states have different exchange rate systems?

- Oatley, pp. 249-297.

Monday 11/2: The international monetary system.

- Oatley, pp. 212-224.
- Bergsten vs. Hale/Hale: China Must Revalue to Correct Global Imbalances v. Chinese Revaluation Will Not Correct Global Imbalances.
- NYT 09/2010: U.S. Adopts Tougher Stance on China.
- NYT 10/2010: More Countries Adopt China's Tactics in Currency Fight.
- Economist 10/2010: How to Stop a Currency War.

Wednesday 11/4: Why do financial crises occur?

- Oatley, pp. 298-309, 323-345.
- NYT: Greek Debt Woes Ripple Outward.
- NYT: In Greek Debt Crisis, Some See Parallels to U.S.

– Briefing.com 10/2010: U.S. vs. Greek Debt.

Friday 11/6: What are the causes of the current financial crisis I?

– Oatley, pp. 225-248.

Monday 11/9: What are the causes of the current financial crisis II?

– Stiglitz vs. White: Too Little Market Regulation Causes the Financial Crisis v. Too Much Government Intervention Caused the Financial Crisis.

Wednesday 11/11: NO CLASS (Veterans Day Holiday)

– No readings.

Friday 11/13: NO CLASS (Professor at conference)

– No readings.

Monday 11/16: Case Study: The European Debt Crisis

– Telegraph 1/2013: What's the Greek Debt Crisis All About?

Wednesday 11/18: What is the role of the International Monetary Fund?

– Oatley, pp. 309-321.

Friday 11/20: Why is there so much variation in the success of the IMF?

– Randall W. Stone, 2004: The Political Economy of IMF Lending in Africa, *American Political Science Review* 98, pp. 577-581, 590.

TOPIC 4: INTERNATIONAL DEVELOPMENT

Monday 11/23: Globalization and Inequality.

– Oatley, pp. 346-358.

– Krugman vs. Miller: Sweatshop Regulation is Counterproductive v. Governments Must Regulate Sweatshops.

Wednesday 11/25: Why is there so much variation in the level of economic development?

– David Dollar, 2010: Globalization, Poverty, and Inequality since 1980, in: Frieden/Lake/Broz (eds.), *International Political Economy*, New York: Norton.

Friday 11/27: NO CLASS (Thanksgiving)

– No readings.

Monday 11/30: Why do states give foreign aid and to whom?

– Steven Radelet, 2006: A Primer on Foreign Aid, Center of Global Development Working Paper 92.

– Dollar vs. Easterly: Foreign Aid Promotes Development v. Foreign Aid is Ineffective.

Wednesday 12/2: Economic Development in Africa.

– No readings

Friday 12/4: Final Review

– No readings.