

Globalization (DIP 740)

Fall 2008

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Evan Hillebrand
Patterson Tower 459
859/257-6928
ehill2@uky.edu

Meeting Time: Tuesday, 4:00-6:30
Meeting Place: Room 5, Main Building

Offices Hours: Monday, 1-3:00

Introduction: This course is an introduction to “international political economy”—the interaction of politics and economics within the world economic system. The term globalization itself is used to suggest deepening economic ties among countries, and this course will explore the nature of those ties, the impact of globalization on domestic and international economic affairs, the policy choices facing governments, and the outlook for the future of globalization. The first half of the semester will be devoted to a review of the history, governance, and theoretical underpinnings of international trade and finance. The latter half of the class will focus on the north-south divide and the backlash against globalization.

Prerequisites: DIP 740 as well as DIP 725 (Economic Statecraft) presuppose some prior training in economics and statistical methods. DIP 777 and DIP 740 will together contain about 5 weeks of class time devoted to a review of undergraduate economic and statistical concepts. Incoming students who have had no undergraduate economics training are advised to take either ECON 395 or the ECON 201-202 series. These undergraduate courses will not count toward the 30 credits required for a Patterson degree but they provide an essential background for diplomacy studies.

Format: The class will be taught primarily through class discussions. It is essential that students be fully prepared to participate in every class, which includes having done the readings ahead of time. Each student will be expected to read *The Economist* magazine on a weekly basis and be prepared to discuss any article relevant to the course.

Disabilities: Any student with a disability who is taking this course and needs classroom or exam accommodations should contact the Disability Resource Center, 257-2754, room 2 Alumni Gym, jkarnes@uky.edu.

Grading: Grading will be based on class participation (10%), a homework assignment involving statistical analysis (10%), a midterm (25%), a 5-6 page paper applying the course lessons to a country of the student's choice (20%), and a final exam (35%).

Class Details: The course uses Blackboard, a Web-based course management system in which a password-protected site is created for each course. Blackboard will be used to distribute course materials, to communicate, and to post grades. You will be responsible for checking the Blackboard course site regularly for class work and announcements.

As in any UK course, plagiarism and cheating will not be tolerated. Working together on the homework assignments is encouraged, but all in-class tests and the final exam must represent individual effort. High-quality oral and written expression in English is also required in this class.

Attendance is not required at any class, therefore excuses for nonattendance are not necessary. Repeated absences will make it difficult to get a good grade on class participation. If an assignment or test cannot be completed on time, the student must make prior arrangements with me.

Open-Door Policy: If my office door is open (and I'm not on the phone or talking to someone else) I am available for consultation.

Readings:

The main texts will be available in campus bookstores. There Amazon.com prices are shown below for your convenience; used book prices at Amazon. com or Half.com are usually much cheaper.

Joan Spero and Jeffrey Hart, *The Politics of International Economic Relations*, 6th edition, Wadsworth/Thompson, 2003 \$96, \$81 at ichapters.com, around \$25 used.
Jeffrey Freiden and David lake, *International Political Economy*, 4th edition, Thomson/Wadsworth, 2000 \$87, \$73 at ichapters.com
Gary Koop, *Analysis of Economic Data*, 2nd edition, John Wiley and Sons, 2005, \$51 new

Selected chapters will be copied from the following books and will be placed on electronic reserve.

R Glen Hubbard and Anthony O'Brien, *Economics* (Pearson/Prentice Hall, 2006)
Mancur Olson, *Power and Prosperity* (Basic Books, 2000)
Ralph Gomory and William J. Baumol, *Global Trade and Conflicting National Interests* (MIT Press, 2000)
Paul Krugman and Maurice Obstfeld, *International Economics*, 7th edition (Pearson/Addison Wesley, 2005)
Jagdish Bhagwati, *In Defense of Globalization* (Oxford U. Press, 2004)
Joseph Stiglitz, *Fair Trade for All* (Oxford U. Press, 2005)
Joseph Stiglitz, *Globalization and Its Discontents*, (W.W. Norton, 2003)
Martin Wolf, *Why Globalization Works* (Yale U. Press, 2004)
Mancur Olson, *Power and Prosperity* (Basic Books, 2000)
Jack Hirschleifer, *The Dark Side of the Force* (Cambridge U. Press, 2001)
Moises Naim, *Illicit* (Doubleday, 2005)
Michael Lind, *The American Way of Strategy* (Oxford 2006)

All the other readings will be available electronically from one of four sources as indicated below: Blackboard (BB), from the Young Library electronic periodicals collections (YLE), from the Young Library electronic reserve (ER) which is set up for this course, or from the URL provided.

Course Schedule and Assignments:

Do the readings before class, including the first class.

2-Sep Week 1: What is Globalization? Why do we care?

Stephen Krasner, "State Power and the Structure of International Trade",
Ch 1 in Freiden and Lake (Text)
Samuel P. Huntington, The Clash of Civilizations (excerpt) (ER)
John Gray, From the Great Transformation to the Global Free Market (excerpt) (ER)
Kishore Mahbubani, "The Case Against the West", Foreign Affairs,
May/June 2008 (YLE)
Steven Weber, "A World Without the West", The National Interest,
July/Aug, 2007, pp 23-30 (YLE)
Amartya Sen, How to Judge Globalism, The American Prospect,
13:1, January 2002, pp 1-14.
http://www.prospect.org/cs/articles?article=how_to_judge_globalism URL

9-Sep Week 2: Economics Review 1: Growth Theory and National Income Accounting

Hubbard and O'Brien, Ch. 22, Long-Run Economic Growth (ER)
Douglas North, "Institutions and Economic Growth", Ch. 3 in Freiden and Lake (Text)
Mancur Olson: The Logic of Power, Ch. 1 in Power and Prosperity (ER)

16-Sep Week 3: Economics Review 2: Trade Theory

Krugman and Obstfeld, Ch 3, Ricardian Model, (ER)
Gomory and Baumol, Ch 1, The Modern Global Economy and

Inherent Trade Rivalry (ER)

23-Sep Week 4: Statistics/Econometrics Review

Koop, Chs 1-4 (Text)

Homework: Globalization Trend Regression, due 30 Sep
(involves gathering trade and GDP data for 1 country, that you will write on later)

30-Sep Week 5: Governing the International Monetary System

Spero and Hart, Ch 1 and 2 (Text)

Hubbard and O'Brien, Ch 30, "The International Monetary System" (ER)

Barry Eichengreen, "Hegemonic Stability Theories of the International Monetary System", Ch 14 in Freiden and Lake (Text)

7-Oct Week 6: Global Trade, and Global Trade Management

Spero and Hart, Ch 3 (Text)

Barry Eichengreen, "The Political Economy of the Smoot-Hawley Tariff", Ch 2 in Freiden and Lake (Text)

WTO Report, 2007, "Recent Trends in International Trade"

http://www.wto.org/english/res_e/booksp_e/anrep_e/wtr07-1a_e.pdf (URL)

14-Oct Week 7: Midterm

21-Oct Week 8: The North-South System I (of 5 weeks)

Krugman and Obstfeld, Ch 22: Deveoping Countires: Growth, Crisis, and Reform (ER)

Spero and Hart, Ch 5 (Text)

Jeffrey William, "Winners and Losers Over Two Centuries of Globalization", NBER Working Paper 9161, September 2002

<http://www.nber.org/papers/w9161>

Jagdish Bhagwati, Ch 1, "Anti-Globalization: Why?", in *In Defense of Globalization* (2004) (ER)

28-Oct Week 9: Financial Flows to Developing Countries

Spero and Hart, Ch 6 (Text)

Pierre-Richard Agenor, "Benefits and Costs of International Financial Integration", *The World Economy*, Vol 26, Issue 8 (August, 2003), pp 1089-1118 (YLE)

Jeffrey Freiden, "International Investment and Colonial Control", Ch. 7 in Freiden and Lake (Text)

Joseph Stiglitz, Ch. 2, "Broken Promises", in *Globalization and its Discontents* (2003) (ER)

4-Nov Week 10: Trade and Development Strategies

Spero and Hart, Ch 7 (Text)

Joseph Stiglitz, "Trade Can Be Good for Development," Ch 2 in *Fair Trade for All* (2005) (ER)

Waldo Bello, Strategy for Change, pp 86-90, in Sarah Anderson's *Views from the South* (2000) (ER)

Review Moss, pp 201-221 and Collier, pp 81-87 and pp 157-172 Summer readings

11-Nov Week 11: Multinational Corporations in the Third World

Spero and Hart, Chs. 4 and 8 (Text)

Shah Tarzi, "Third World Governments and Multinational Corporations", Ch 10 in Freiden and Lake (Text)

Martin Wolf, "Cowed by Corporations," Ch 11 in *Why Globalization Works* (2004) (ER)

18-Nov Week 12: Latin America

- Fernando Cardozo, "More than ideology", Harvard International Review, Summer 2006, vol 28 2, pp 397-410 (YLE)
- Jose Ocampo, "Latin America's Growth and Equity Frustrations During Structural Reforms" Journal of Economic Perspectives, Spring 2004, Vol 18, #2, pp 67-88 (YLE)
- Manuel Orozco, "Globalization and Migration: The Impact of Family Remittances", Latin American Politics and Society, Vol 44, #2, (Summer 2002), pp 41-66 (YLE)
- Alan Knight, "Empire, Hegemony, and Globalization in the Americas" (handout)

Paper assigned this week: due in 2 weeks (by final, really)

Write a 5--6 page paper using the ideas presented in this class (including econometrics) to discuss the globalization past and future of your chosen country. You should address such topics as:

Has your country participated in globalization?

Has it been beneficial or not? Why?

What have been the social and political responses? What will be the future?

25-Nov Week 13: The Illicit Economy

- Jack Hirshleifer, Introduction and Ch 1 in *The Dark Side of the Force* (ER)
- Moises Naim, Ch 2 in *Illicit* (ER)
- John Rapley, "The New Middle Ages", Foreign Affairs, May/June, 2006, pp 95-103 (YLE)

Tentative Subject articles, may be revised

Drugs Johan Engval, "The State Under Siege: The Drug Trade and Organized Crime In Tajikistan", Europe-Asia Studies, Sept 2006, Vol 58, Issue 6, p 827-854 (YLE)

Human Trafficking Ethan Kapstein, "The New Global Slave Trade", Foreign Affairs, Nov/Dec 2006, Vol 85, #6, pp 105-113 (YLE)

Benjamin Skinner, "A World Enslaved", Foreign Policy, Mar/Apr 2008, pg 62-67 (YLE)

IPR Peter Navarro, Ch 2, "China's Counterfeit Economy," in *The Coming China Wars*, pp 21-43 (ER)

2-Dec Week 14: US Policy and Policy Options

- Barry Eichengreen, "The Bush Legacy for America's International Economic Policy," http://www.econ.berkeley.edu/~eichengr/bush_legacy.pdf (URL)
- The Modern Debate, Larry Summers et. al. (BB)
- Michael Lind, "The American Way of Trade", in *The American Way of Strategy*, Oxford 2006, pp 224-259 (ER)
- Dani Rodrik, "Sense and Nonsense in the Globalization Debate", Ch 31 in Freiden and Lake (Text)
- Steven Weber, "How Globalization Went Bad", Foreign Policy, Jan/eb 2007. pp 49-54 (YLE)

9-Dec Week 15: Oil and Politics and East/West Relations

Spero and Hart, Ch 9 and 10
or catch-up lecture

16-Dec Final Exam (same time, same place)