Winter 2016
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Office Hours: TU 1:15-3:00 pm or appt

INTL 102: Economics, Politics, and International Change: The Modern World Economy

This course examines the evolution of the world economy from the late nineteenth century to the present. Our purpose is to describe the historical trends in the international economy and explain the causes and the consequences of these trends. Students will come away with the basic tools they need to understand the world economy and the politics of international economic relations.

The history of the modern world economy divides into three periods: *The Golden Age* (1870-1913) was a period of extensive globalization that was, in some respects, more deeply integrated than today. The Golden Age came to an end with the *Interwar Interregnum* (1919-1939), which saw nations abandon the world economy and turn inward behind high protectionist trade barriers and restrictions on international capital flows. *Postwar Globalization* (1945-2014) saw the gradual reemergence of the world economy, a trend that is now threatened by politics, anti-globalization forces, and crises in global finance.

Prerequisites: Familiarity with political science and economics is helpful but not required. We will cover the necessary material.

Requirements:

1) Midterm examination (30% of total grade).
2) Final examination (50%).
3) Section participation (20%).

Both exams are composed of two equally-weighted parts: *Part I: Short-Answer Identifications* and *Part II: Essay Question(s).* The identifications on Part I will be drawn from a longer list that will be distributed before each exam. You should define each ID and discuss its significance in the context of this course. Answers should be 1 or 2 paragraphs in length. The essay questions on Part II will incorporate material from both the readings and the lectures. There will be one essay question on the midterm exam and two essay questions on the final exam.

Books (available for purchase at the bookstore and on reserve at Geisel Library).

- Frieden, Jeffry A. 2006. *Global Capitalism: Its Fall and Rise in the Twentieth Century*. W.W. Norton. ISBN 0393058085

- Frieden, Jeffry A., David A. Lake and J. Lawrence Broz. 2010. *International Political Economy: Perspectives on Global Power and Wealth.* 5th ed. W.W. Norton. ISBN 978-0-393-93505-9 THIS EDITION ONLY

Other readings are marked with an asterisk (*) and are available electronically via the TED course website at https://ted.ucsd.edu

Reading tips: Do the assigned readings by the day for which they are assigned. The reading load is moderate though not evenly distributed. Pay particular attention to weeks with heavier reading and plan accordingly.

Academic Integrity: Integrity of scholarship is essential for an academic community. The University expects that both faculty and students will honor this principle and in so doing protect the validity of University intellectual work. For students, this means that all academic work will be done by the individual to whom it is assigned, without unauthorized aid of any kind. *Your cell phone must be off your person and out of reach during exams.* All suspicions of academic misconduct will be reported to the Academic Integrity Office according to university policy.

PART I: INTRODUCTION

Lecture 1 (Jan 5): Course Overview

- Frieden, Lake, Broz, *Introduction*, pp. 1-19
- Jeffrey Frankel, *Globalization of the Economy*, in Frieden, Lake, Broz, pp. 63-81.

Lecture 2 (Jan 7): Understanding International Trade and Trade Policy

- * Thomas Oatley, *Chapter 3: The Political Economy of International Trade Cooperation*, pp. 46-70, in Thomas Oatley, *International Political Economy: Interests and Institutions in the Global Economy*. 4th ed. Pearson-Longman, 2010.
- Cletus C. Coughlin, *Controversy over Free Trade: The Gap between Economists and the General Public*, in Frieden, Lake, Broz, pp. 341-364.

Lecture 3 (Jan 12): Understanding International Finance and Exchange-Rate Policy

- Frieden, Lake, Broz, *Money and Finance*, pp. 217-221.
- * Thomas Oatley, *Chapter 10: The International Monetary System*, pp. 214-236, in Thomas Oatley, *International Political Economy: Interests and Institutions in the Global Economy*. 4th ed. Pearson-Longman, 2010.
- Jeffry Frieden, *Globalization and Exchange Rate Policy*, in Frieden, Lake, Broz, pp. 286-296.

PART II: THE GOLDEN AGE, 1873-1914

Lecture 4 (Jan 14): Prologue to the late 19th century: Mercantilism and the rise of the United States

- Frieden, Lake, Broz, *Historical Perspectives*, pp. 83-86.
- Frieden, *Prologue: Into the Twentieth Century.*
- Cheryl Schonhardt-Bailey, *Free Trade: Repeal of the Corn Laws*, in Frieden, Lake Broz, pp. 87-97.

Lecture 5 (Jan 19): Overview of "The Golden Age."

- Frieden, *Chapter 1, Global Capitalism Triumphant.*
- Frieden, *Chapter 2, Defenders of the Global Economy.*
- J. Lawrence Broz, *Domestic Politics of International Monetary Order: The Gold Standard*, in Frieden, Lake Broz, pp. 223-245.

Lecture 6 (Jan 21): Movement of Money, Capital, and People

- Frieden, *Chapter 3, Success Stories of the Golden Age.*
- Jeffrey G. Williamson, *Globalization and Inequality, Past and Present*, in Frieden, Lake Broz, pp. 474-485.

Lecture 7 (Jan 26): Divergent Patterns of Development

- Frieden, *Chapter 4, Failures of Development.*
- Jeffrey A. Frieden, *International Investment and Colonial Control: A New Interpretation*, in Frieden, Lake, Broz, pp. 119-138.
- Kenneth L. Sokoloff and Stanley L. Engerman, *History Lessons: Institutions, Factor Endowments and Paths of Development in the New World*, in Frieden, Lake, Broz, pp. 53-62.

Lecture 8 (Jan 28): Opposition to Globalization

- Frieden, *Chapter 5, Problems of the Global Economy*.
- Frieden, *Chapter 6, All that is Solid Melts into Air*.
- Peter Gourevitch, *International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crises of 1873-1896*, in Frieden, Lake, Broz, pp. 98-118.

MIDTERM EXAM: Tuesday, February 2 (bring blue books)

PART III: INTERWAR INTERREGNUM, 1918-1939

Lecture 9 (Feb 4): World War I, Recovery, and Collapse

- Frieden, *Chapter 7, The World of Tomorrow.*
- Frieden, *Chapter 8, The Established Order Collapses*.

Lecture 10 (Feb 9): Responses to the Great Depression

- Frieden, Chapter 9, *The Turn to Autarky*.
- Barry Eichengreen, *The Political Economy of the Smoot-Hawley Tariff*, in Frieden, Lake, Broz, pp. 42-52.
- Frieden, Chapter 10, *Building a Social Democracy*.

PART IV: POSTWAR GLOBALIZATION, 1945-2012

Lecture 11 (Feb 11): Settlement and Reconstruction

- Frieden, *Chapter 11, Reconstruction East and West*.
- Frieden, Lake, Broz, *Trade*, pp. 337-340.
- Ronald Rogowski, *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*, in Frieden, Lake Broz, pp. 365-375
- Michael Bailey, et al., *The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade*, in Frieden, Lake, Broz, pp. 422-442.

Lecture 12 (Feb 16): The Bretton Woods System and Beyond

- Frieden, *Chapter 12, The Bretton Woods System in Action.*
- Frieden, *Chapter 15, The End of Bretton Woods*.
- Alan V. Deardorff and Robert M. Stern, *What You Should Know About Globalization and the WTO*, in Frieden, Lake, Broz, pp. 404-421.

Lecture 13 (Feb 18): Decolonization and Development

- Frieden, Lake, Broz, *Economies in Development*, pp. 443-446.

- Frieden, *Chapter 13, Decolonization and Development.*
- Razeen Sally, *The Political Economy of Trade Policy Reform: Lessons from Developing Countries,* in Frieden, Lake, Broz, pp. 486-508.

Lecture 14 (Feb 23): Multinational Corporations

- Frieden, Lake, Broz, *Production,* pp. 153-156.
- Richard Caves, *The Multinational Enterprise as an Economic Organization,* in Frieden, Lake, Broz, pp. 157-168.
- Shah M. Tarzi, *Third World Governments and Multinational Corporations,* in Frieden, Lake, Broz, pp. 169-179.
- Daniel W. Drezner**,** *Globalization and Policy Convergence,* in Frieden, Lake, Broz, pp. 200-216

Lecture 15 (Feb 25): From Oil Crises to Debt Crisis

- Frieden, *Chapter 16, Crisis and Change.*

Lecture 16 (Mar 1): Patterns of Global Integration

- Frieden, *Chapter 17, Globalizers Victorious.*
- Frieden, *Chapter 18, Countries Catch Up*.
- Daron Acemoglu, *Root Causes: A Historical Approach to Assessing the Role of Institutions in Economic Development,* in Frieden, Lake, Broz, pp. 468-473.

Lecture 17 (Mar 3): Tensions in Developing Countries

- Frieden, *Chapter 19, Countries Fall Behind.*
- Benjamin J. Cohen, *The Triad and the Unholy Trinity: Problems of International Monetary Cooperation,* in Frieden, Lake, Broz, pp. 273-285.
- Sergio L. Schmukler, *Financial Globalization: Gain and Pain for Developing Countries,* in Frieden, Lake, Broz, pp. 314-336.
- David Dollar, *Globalization, Poverty, and Inequality since 1980,* in Frieden, Lake, Broz, pp. 447-467.

Lecture 18 (Mar 8) Tensions in Industrialized Countries

- Frieden, *Chapter 20, Global Capitalism Troubled*.
- Richard B. Freeman, *Are Your Wages Set in Beijing?* in Frieden, Lake, Broz, pp. 393-403.
- Kenneth F. Scheve and Matthew J. Slaughter, *A New Deal for Globalization,* in Frieden, Lake, Broz, pp. 540-549.

Lecture 19 (Mar 10): Current Globalization Controversies

- Frieden, Lake, Broz, *Current Problem in International Political Economy,* pp. 509-510.
- Jeffrey A. Frankel, *Globalization and the Environment,* in Frieden, Lake, Broz, pp. 511-539
- Dani Rodrik, *How to Save Globalization from Its Cheerleaders,* in Frieden, Lake, Broz, pp. 550-570.
- Simon Johnson, *The Quiet Coup,* in Frieden, Lake, Broz, pp. 571-585.

FINAL EXAMINATION: Tuesday 8:00-11:00am (confirm this yourself).