

Winter 2022  
TuTh 11:30 am -12:20 pm  
GPS Robinson Auditorium

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University of California, San Diego  
Office Hours: Th 12:30 -2:30 pm, SSB 388

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

This course examines the evolution of the world economy from the late-19th century to the present. We describe the historical trends in the international economy and explain the causes and the consequences of these trends. We examine three periods: *The Golden Age* (1870-1913), which was the first modern era of economic globalization. The Golden Age came to an end during the *Interwar Period* (1919-1939), which saw nations abandon the world economy and turn inward behind high protectionist trade barriers and restrictions on international capital flows. The third period, *Postwar Globalization* (1945-2020), witnessed the gradual reemergence of the world economy. Today, that trend is threatened by right-wing populism, trade wars, crises in global finance, the pandemic, and supply chain disruptions.

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

### Requirements:

- 1) Midterm Take-Home Essay Assignment (30% of grade). The topic for the essay assignment will be distributed via Canvas at 9:00 am on Tuesday, February 1; essays are due via Canvas/Turnitin by 9:00 am on Tuesday, February 8. Essays will be 6-8 double spaced pages in length using 12 point font. Grading is based on the clarity of the thesis statement, reasoned support of the argument, and inclusion of material from the course (readings, lectures, sections). The use of non-class material is strongly discouraged. Late essays will incur a 20% grade penalty each 24 hours after the deadline.
  - The midterm essay is open-book. You may use your notes, course readings, and lecture slides.
  - The midterm essay is an individual assignment. You may not work with other students or obtain assistance from any outside/online source. We carefully screen for violations of academic integrity.
- 2) Final Examination (50% of grade). The final exam will held on Thursday, March 17 from 11:30 am – 2:30 pm, location TBA. Bring 2-3 Blue Books. The exam consists of two equally-weighted essay questions. Essay 1 covers material from the second half of the course. Essay 2 covers the entire course. Grading is based on the clarity of your thesis statement, reasoned support of the argument, and use of course materials. The exam is closed-book. You may not use notes, books, or electronics device during the exam. Use of cell phones or other electronic devices during the exam is strictly prohibited and will be considered *prima facie* evidence of academic dishonesty.

- 3) Participation (20% of grade). All students are required to attend lectures and sections having done all readings in advance. Teaching assistants will monitor attendance. Students are also required to submit a discussion post (1-2 paragraphs) each week prior to their assigned sections. Topics for discussion posts will be drawn from the Section Study Guide, and late assignments will be penalized at the rate of 20% per hour after the start of section. Overall participation grades will be based on the effort, clarity, and relevance of discussion posts, attendance, and the quality of participation in section.

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. All suspicions of academic misconduct will be reported to the Academic Integrity Office according to university policy.

Grade Dispute Procedure: If you feel an error was made in the grading of your work, you must follow this procedure within two weeks of the exam/assignment:

- Prepare a written statement detailing the reasons why you think you received the wrong grade.
- Submit the statement to your TA and schedule an appointment to discuss your exam.
- If you are still unsatisfied with your grade after meeting with your TA, bring your exam to the professor.
- The professor will read your exam and give it a new grade, which might be higher or lower than your original grade. This is the grade you will receive on the exam.

Final Exam Incentive Program: To encourage students to prepare for the final examination, we offer this incentive:

- A student that improves upon her/his midterm essay grade by **15 points or more** on their final exam will have the final exam re-weighted to 60% of the course grade (from 50%), while reducing the midterm's weight to 20% (from 30%).
- Students that do not improve by 15 points or more on the final exam, and students that earned 85 points or more on the midterm essay, will not have their exams re-weighted.
- Eligibility is thus dependent on students' performance on BOTH the midterm and the final exams. There is no guarantee that students that did poorly on the midterm will earn the incentive, and there is no penalty or discrimination imposed upon high-performing students that did very well on the midterm.

Books: Purchase from the bookstore or other retailers; also on reserve at Geisel Library.

- Frieden, Jeffry A. 2020. *Global Capitalism: Its Fall and Rise in the Twentieth Century*. W.W. Norton. ISBN 9780393358254. Reissue edition (July 21, 2020). THIS EDITION ONLY.

- Frieden, Jeffrey A., David A. Lake and J. Lawrence Broz. 2017. [\*International Political Economy: Perspectives on Global Power and Wealth\*](#), 6<sup>th</sup> ed. W.W. Norton. ISBN: 9780393603880. THIS EDITION ONLY.

Other readings are marked with an asterisk (\*) and are available via the Canvas course website at no cost.

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

### Learning Objectives:

- Understand key turning points in the history of globalization using our *Endowments, Interests, and Institutions* framework.
- Understand why economists think that free trade is the best policy while the average citizen is more skeptical about trade using the *Theory of Comparative Advantage*.
- Understand why some nations export sophisticated hi-tech products while others export simple manufactured goods using the *Heckscher-Ohlin Theorem*.
- Understand why some people support free trade while others oppose it using the *Stolper-Samuelson Theorem*.
- Understand the relationship between globalization and inequality within countries using the *Stolper-Samuelson Theorem*.
- Understand the relationship between globalization and inequality across countries using the concept of *convergence*.
- Understand how a government's trade policy is shaped by the structure of national and international *institutions*.
- Understand how exchange rates are determined and why governments face politically-sensitive trade-offs over exchange rates using the policy *Trilemma*.

## **PART I: INTRODUCTION**

### **Lecture 1 (Jan 4): Course Overview**

- Frieden, *Preface*, pp. xiii-xv
- Frieden, Lake, Broz, *Introduction: International Politics and International Economics*, pp. 1-17.

### **Lecture 2 (Jan 6): 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.
- \*David Autor. 2018. [\*Trade and Labor Markets: Lessons from China's Rise\*](#). IZA World of Labor, No. 431.
- Ronald Rogowski, *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*, in Frieden, Lake Broz, pp. 20-29.

### **Lecture 3 (Jan 11): Understanding International Finance and Exchange Rates**

- \*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.
- Frieden, Lake, Broz, *Money and Finance*, pp. 206-210.
- Jeffrey Frieden, *Globalization and Exchange Rate Policy*, in Frieden, Lake, Broz, pp. 221-231.

## **PART II: THE GOLDEN AGE, 1873-1914**

### **Lecture 4 (Jan 13): Prologue to the Modern Era: Mercantilism**

- Frieden, Lake, Broz, *Historical Perspectives*, pp. 77-80.
- Frieden, *Prologue: Into the Twentieth Century*.
- Cheryl Schonhardt-Bailey, *Free Trade: Repeal of the Corn Laws*, in Frieden, Lake Broz, pp. 81-91

### **Lecture 5 (Jan 18): Overview of The Golden Age**

- Frieden, *Chapter 1, Global Capitalism Triumphant*.
- Frieden, *Chapter 2, Defenders of the Global Economy*.

### **Lecture 6 (Jan 20): Globalization and Convergence**

- Frieden, *Chapter 3, Success Stories of the Golden Age*.
- Dani Rodrik, *The Past, Present, and Future of Economic Growth*, in Frieden, Lake, Broz, pp. 428-448.

### **Lecture 7 (Jan 25): Divergent Patterns of Development**

- Frieden, *Chapter 4, Failures of Development*.
- 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. 449-458.

### **Lecture 8 (Jan 27): The First Globalization Backlash**

- 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. 92-112.

## **PART III: INTERWAR PERIOD, 1919-1939**

### **Lecture 9 (Feb 1): World War I, Recovery, and Collapse (take-home midterm distributed)**

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

### **Lecture 10 (Feb 3): 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. 286-296.
- Frieden, *Chapter 10, Building a Social Democracy*.

## **PART IV: POSTWAR GLOBALIZATION, 1945-present**

**Lecture 11 (Feb 8): Post-War Settlement and Reconstruction** (take-home midterm due)

- Frieden, *Chapter 11, Reconstruction East and West*.
- Frieden, Lake, Broz, *Trade*, pp. 282-285.
- Michael Bailey, et al. *The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade*, in Frieden, Lake, Broz, pp. 119-139.

**Lecture 12 (Feb 10): The Bretton Woods System and Beyond**

- Frieden, *Chapter 12, The Bretton Woods System in Action*.
- Frieden, *Chapter 15, The End of Bretton Woods*.
- Richard Baldwin, *The World Trade Organization and the Future of Multilateralism*, in Frieden, Lake, Broz, pp. 339-356.

**Lecture 13 (Feb 15): Decolonization and Development**

- Frieden, Lake, Broz, *Economies in Development*, pp. 413-415.
- Frieden, *Chapter 13, Decolonization and Development*.
- Branko Milanovic, *Global Income Inequality in Numbers: In History and Now*, in Frieden, Lake, Broz, pp. 416-427.

**Lecture 14 (Feb 17): Multinational Corporations**

- Frieden, Lake, Broz, *Foreign Direct Investment*, pp. 140-143.
- Richard E. Caves, *The Multinational Enterprise as an Economic Organization*, in Frieden, Lake, Broz, pp. 144-155.
- Sonal Pandya, *Labor Markets and Demand for Foreign Direct Investment*, in Frieden, Lake, Broz, pp. 156-166.
- Beth A. Simmons, *Bargaining over BITs, Arbitrating Awards: The Regime for Protection and Promotion of International Investment*, in Frieden, Lake, Broz, pp. 167-183.

**Lecture 15 (Feb 22): From the Oil Crisis to the Debt Crisis**

- Frieden, *Chapter 16, Crisis and Change*.
- Jeffrey A. Frieden, *The Political Economy of Adjustment and Rebalancing*, in Frieden, Lake, Broz, pp. 30-42.

**Lecture 16 (Feb 24): Export-Oriented Industrialization and Convergence**

- 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. 113-118.

**Lecture 17 (Mar 1): From Bretton Woods to Currency Crises**

- Frieden, *Chapter 19, Countries Fall Behind*.
- Joshua Aizenman, *The Impossible Trinity (aka the Policy Trilemma)*, in Frieden, Lake, Broz, pp. 211-220.
- Menzie D. Chinn and Jeffrey A. Frieden, *Borrowing, Boom, and Bust: The Capital Flow Cycle*, in Frieden, Lake, Broz, pp. 232-251

**Lecture 18 (Mar 3) Tensions in Developed Countries**

- Frieden, *Chapter 20, Global Capitalism Troubled*.
- Andy Baker, *Who Wants to Globalize: Consumer Tastes and Labor Markets in a Theory of Trade Policy Beliefs*, in Frieden, Lake, Broz, pp. 315-327.
- Margaret E. Peters, *Open Trade, Closed Borders: Immigration in the Era of Globalization*, in Frieden, Lake, Broz, pp. 378-393.

- Edward D. Mansfield and Diana C. Mutz, *US versus Them: Mass Attitudes toward Offshore Outsourcing*, in Frieden, Lake, Broz, pp. 535-563.

**Lecture 19 (Mar 8): Globalization and the Environment**

- Frieden, Lake, Broz, *Current Problems in International Political Economy*, pp. 459-460.
- Jeffrey A. Frankel, *Globalization and the Environment*, in Frieden, Lake, Broz, pp. 461-488.
- Sean D. Ehrlich, *The Fair Trade Challenge to Embedded Liberalism*, in Frieden, Lake, Broz, pp. 489-505.

**Lecture 20 (Mar 10): The Populist Backlash**

- Frieden, *Chapter 21, And Fall Again?*
- \*Dani Rodrik. 2019. [\*Globalization's Wrong Turn\*](#). Foreign Affairs 98, 4 (Jul/Aug): 26-33.
- \*Kenneth F. Scheve and Matthew J. Slaughter. 2018. [\*How to Save Globalization: Rebuilding America's Ladder of Opportunity\*](#). Foreign Affairs 97, 6 (Nov/Dec): 98-108.

**FINAL EXAM:** Thursday, March 17, 11:30 am – 2:30 pm. Location TBA