IR 229: International Political Economy
Wednesdays 2:00-4:40PM
Gavett 208

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Course Introduction

This course examines issues in international political economy to gain understanding into how domestic and international political factors shape patterns of interaction in areas of trade, finance, and investment. We will also attempt to gain a balanced perspective on some of the more contentious issues in IPE, such as: who are the winners and losers of globalization? Does the global economy provide a level playing field for all countries? Why are some countries persistently mired in underdevelopment?

To this end, the first half of this course is devoted to trade issues, in particular how they are influenced by individual preferences, domestic institutions, and international institutions such as the WTO. While the focus here in on trade, much of the logic and reasoning behind the arguments transfer to other issue areas as well. The second half of the course looks at various other issues such as finance, foreign direct investment, and economic development.

All of the required readings are available as articles via the university library’s website.

Course Requirements

For students taking the course without a writing credit, grades will be based on the following:

Midterm I: 35%
Midterm II: 35%
Attendance and participation: 15%
Weekly discussion points: 15%

For students registered with a “W”, grades will be based on the following:

Midterm I: 20%
Midterm II: 20%
Research paper: 30%
Attendance and participation: 15%
Weekly discussion points: 15%
Exams
There will be two midterm exams given in class. The first midterm exam is scheduled for October 16th, and the second midterm exam is scheduled for December 11th. Both exams are non-cumulative. Each exam will contain short-answer questions and long essay questions. The questions will be based on material from the readings, lectures and class discussions. If you have a legitimate reason for not being able to take an exam on a scheduled date, please let me know as soon as possible. Make-up exams will be given only under exceptional circumstances. Missed exams due to illness require a doctor’s note. Also, please keep returned exams in your possession until you receive your final course grade. I will not consider questions or protests about grades unless you do so.

Attendance and participation
This course will incorporate both lectures and in-class discussion of the assigned readings. Therefore, it is important that you attend class regularly and participate in the discussions. Before coming to class, please read the assigned material and think about the general discussion points listed in the syllabus. Outside knowledge of politics and economics, while welcome, is not necessary. Careful and critical readings of the assigned material are most important for effective participation. I will be making note of your attendance and participation in every class. That being said, I will not penalize your grade if you need to miss class for a legitimate reason (such as religious observance or medical emergency), so if you cannot attend a lecture please let me know in advance unless this is physically impossible.

Weekly discussion points
In order to ensure that you are keeping up with the readings, I ask that every week, you think of one discussion point for each reading. You may either hand in a hard copy at the beginning of class, or e-mail them to me prior to the beginning of class. Late submissions will not be accepted. No more than 1-3 sentences per discussion point are necessary (though you are of course welcome to expand on your thoughts). These discussion points can be questions about the reading, criticisms of the author’s logic, or objections regarding the argument’s real-world validity; they should not be a simple summary of the reading.

Research paper (for students registered with a “W”)
Each student will write a 10-15 page research paper on a topic of their choice. Students should hand in a 1-2 paragraph description of their topic on October 9th. Bibliographies must be handed in by November 6th. A draft is required by November 20th. Final papers are due on December 4th. A late paper will be penalized by 1/3 of a letter grade for each day that it is late (including weekends). No papers will be accepted after December 11th.
Course Schedule

September 4th: Course Introduction

September 11th: Theories of Trade (Liberalism vs. Mercantilism)


Most economists are committed to the idea of economic liberalism. Do you think mercantilist policies still have some value in the current global economy? Can liberalist and mercantilist policies co-exist?

September 18th: Trade Policy Preferences of Individuals


What are some of the determinants of the trade policy preferences of individuals? Do you think these are always “rational”? What can be done to mitigate opposition to trade, and do you think the government should expend more effort in this area?
September 25th: Trade and Domestic Institutions


What domestic institutional design seems effective for liberalization of trade? What does this imply for trade liberalization in the United States?

October 2nd: Trade and the World Trade Organization


Does the WTO increase trade flows? What is the role of flexible provisions in promoting trade liberalization? Can too much flexibility undermine the original purpose of trade cooperation and liberalization?
October 9th: Trade and Democracy


In general, is a democracy more likely than a non-democracy to liberalize trade? If so, what are the mechanisms by which this might occur? What conditions might constrain a democracy from liberalizing?

October 16th: Midterm I

October 23rd: Foreign Direct Investment


Li, Quan and Adam Resnick. 2003. “Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries.” International Organization 57(1): 175-211.


What are the concerns of foreign investors in choosing investment locations? What domestic political institutions are conducive to attracting foreign direct investment? How does the balance of power between a (potential) investor and the host government change (if at all) after an actual investment is made? What are the effects of FDI in host countries?
October 30th: Financial Liberalization and Financial Crises


Was financial liberalization an inevitable development as many people argue? Do you think there will be an expansion of financial liberalization in the future, or a reversal? How are financial crises precipitated, and do you think that enough is being done to guard against them?

November 6th: International Organizations


Do you think international organizations are effective in promoting cooperation, economic development, and trade/financial liberalization between countries? Do you think they promote a fair and level playing field, or systematically advantage some countries over others? Do you think it is possible to improve the performance of international organizations? How might this be done?
November 13\textsuperscript{th}: Political Economy of Development


*One of the ongoing arguments in the IPE literature is whether underdevelopment in certain regions of the world is due to geography and natural resource endowments, or suboptimal institutions. Which perspective do you find more persuasive? Do you think foreign aid can be effective in promoting economic growth in developing countries?*

November 20\textsuperscript{th}: Globalization - Phenomenon and Causes


*Globalization has its proponents and detractors. Which side do you find more persuasive, if at all? How integrated do you think the world is today? Do you think globalization should be continued at its current pace?*

November 27\textsuperscript{th}: Thanksgiving break
December 4th: Globalization – Effects


*Do you think globalization has had a positive effect, in terms of income inequality, labor standards, and environmental issues? Do you think worries over the effects of globalization are justified?*

December 11th: Midterm II