WELCOME! You have chosen a course which will improve your understanding of the politics of foreign direct investment (FDI) and multinational corporations (MNCs). Global foreign direct investment inflows reached a record $1,833 billion in 2007 (UNCTAD 2008). Roughly half of the world’s largest 200 governing entities are MNCs. Crossing the boundaries between theories of international political economy, globalization, international business, and development, this course offers an introduction to the international political economy of MNCs and their interaction with governments. The main themes cover theories to explain why firms invest abroad, the effects of foreign direct investments on domestic and foreign policy, the bargaining between MNCs and host governments, the expropriation of assets by host countries, “dependency,” corporate political activities, and the regulation of foreign investment. Students are expected to complete weekly reading assignments, contribute to class discussion, and design a semester-long research project.
COURSE POLICIES

Lectures: I expect you to be on time at every lecture, and you have the right to expect that every lecture will start and end on time. You have the right to determine how much reading you need to do well in the class, but I expect you to read the assigned chapter(s) and papers in the Course Outline before each class. You have the right to learn passively in class. That is, I will not force you to participate by calling on you. But I am going to create an effective learning environment in the classroom. And there is a lot YOU can do to help to make a good learning environment for yourself and your classmates. This includes not only active participation in class by asking questions and getting involved in class tasks, but also avoiding any distracting activities, such as coming to lecture late or leaving it early, reading newspapers during the lectures, or even talking with other students. All of that will make it impossible to give a good lecture and add value to you and your colleagues. I will appreciate you turn off cell phones before class begins. **PLEASE AVOID ANY DISTRACTING ACTIVITIES DURING THE LECTURE!!!**

Attendance: I will take attendance every day by doing small in-class tasks or pop-quizzes, which can be in the very beginning or very end of the class, or in the middle of the class. Moreover, coming to every lecture gives you the opportunity to earn those 5% that sometimes is crucial in raising the grade from C+ to B-. **IT IS IMPORTANT TO BE IN CLASS!!!**

Quantitative homework assignment: Each student should complete one homework assignment. You will need to collect data and use some software package to analyze and graph the relationship between chosen variables (cause-effect relationship). You can use Excel to table and graph the relationship (preferably). More details on the requirements for the data and the choice of variables related to our course will be given later in the course. This assignment is a preparation stage for your semester-long project, which will require the use of similar techniques and skills.

Exams: The total number of exams is TWO: ONE midterms and a final. The length of the midterm exam is 50 minutes. The length of a final exam is 1 hour and 40 minutes. You will need a pencil or pen and a calculator on your exams, and you are not allowed to use a cell phone or to borrow a calculator during the exam. The exam scores will be available by the next week class period. All exams are closed book. Each exam will focus on all the material covered before the exam. There are two sections in each exam: a concept/argument part and an article part. Each section will account for 50% of your grade. In the concept part, your comprehension of the key course concepts and arguments is tested. In the argument part, your comprehension of the research question, the main argument of an academic journal article, and interpretation of the statistical findings in the article is tested. The academic journal article for the second part of the exam is not covered in the course.

Make-ups: If you miss an exam without any valid excuse, you will receive 0 points for the exam. With a valid excuse you will be allowed to take the regular subsequent exam instead of the one you missed without penalty. As a result the weight of missed exams with a valid excuse will be reallocated to the remaining exams.

Grades and Grading Scale: As one of my professors has noted, “grades are a carrot that encourages learning.” I will not hesitate to give a poor grade, if your performance indicates that you have not learned the material, but I want everyone in this class to do well.

Regrades: I will give you the grade that reflects at what rate your assignment is correct. I will put every effort to do it the first time around. I reserve the write to raise, leave the same or lower the grade. I will regrade the work in its entirety. If you would like to regrade your work, please, write the memo explaining why you are uncomfortable with grade and why you think your work should be regraded.
DISABILITY ACCESS

University of Rochester encourages qualified people with disabilities to participate in its programs and activities and is committed to the policy that all people shall have equal access to programs, facilities, and admissions without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by state or federal authorities. If you anticipate needing any type of accommodation in this course or have questions about physical access let me know as soon as possible. I’m here to help!

VALID EXCUSES

During the course many possible situations may arise that would result in your inability to attend class, attend exams, or perform at a minimally acceptable level during an examination. Illness or injury, family emergencies, certain University approved curricular and extra-curricular activities, and religious holidays can be legitimate reasons to miss class or to be excused from a scheduled examination.

In the case of your own illness or injury, confirmation from a physician, physician’s assistant, a nurse practitioner, or a nurse is required. Barring extraordinary circumstances, the confirmation must be available to the instructor prior to the missed course event.

With regard to family emergencies, you must provide verifiable documentation of the emergency. Given the vast array of family emergencies the instructor will provide precise guidance as to what constitutes adequate documentation. Unless the emergency is critical you should notify the instructor in advance of your absence from the scheduled course event. In cases of critical emergencies, you must notify the instructor within one week of your absence.

For University approved curricular and extra-curricular activities, verifiable documentation is also required. The student should obtain from the unit or department sponsoring the activity a letter (or class absence form) indicating the anticipated absence(s). The letter must be presented to the instructor at least one week prior to the first absence. In the case of religious holidays, the student should notify the instructor by the third week of the course of any potential conflicts.

ACADEMIC HONESTY

University of Rochester defines academic honesty as the respect of “the integrity of one another’s work and recognize the importance of acknowledging and safeguarding intellectual property” (from Arts, Science and Engineering College Academic Honesty Policy, http://www.rochester.edu/college/honesty/docs/Academic_Honesty.pdf)

“Academic dishonesty can involve a wide range of offenses. Our policy lists several types of offenses, including (but not limited to): Plagiarism, Copying papers, Copying answers on exams, Any other act that represents someone else’s work as your own, Misuse of library materials such as the removal of books from the libraries without formally checking out the items, or the intentional biding of materials, or the refusal to return reserve readings to the library, etc., Obtaining an exam prior to its administration, Using unauthorized aid during an examination. Academic dishonesty is not limited to those offenses listed above. The best course of action if you’re not sure if what you’re doing constitutes academic dishonesty is to ask first. Ask via e-mail if possible, and save a copy of the response” (Definition of Academic Dishonesty in the Arts, Science and Engineering College Academic Honesty Policy http://www.rochester.edu/college/honesty/students.html#con).
COURSE OUTLINE AND READING LIST

(please, note that only some of the readings for each class are required, and the rest are complimentary)

September 7. Labor Day - no class.

Required:

Required:

September 28. Overview of the FDI Theories.
Frieden and Lake, “Production,” pp. 141-144.

October 5. No class - Fall Break.
October 12. Economic and Political Determinants of FDI: Vertical FDI and Horizontal FDI.

Required:
Navaretti and Venables, Chapter 3, 4, 6.


Required:
Oatley, Chapter 8, “Multinational Corporations in the Global Economy,” pp. 164-188.
Frieden and Lake, “Production,” pp. 141-144.

October 26. The Politics of Multinational Corporations

Required:
Frieden and Lake, “Production,” pp. 141-144.

November 2. Multinational Firms and Domestic Governments

Required:
Jensen, Chapters 1, 2, 3.
Navaretti and Venables, Chapter 7.

Li, Quan. 2009. Democracy, Autocracy, and Expropriation of Foreign Direct Investment. Comparative Political Studies 42(8): 1098-1127.

November 9. Political Regime and FDI.

Required:
Jensen, Chapters 5, 6.


**November 16. Midterm I.**

**Political Risk, FDI, and Regulation of MNCs.**


Morisset, Jacques, and Olivier Lumenga Neso. “Administrative Barriers to Foreign Investment in Developing Countries.” *The World Bank* 2848.


**November 23. The rise of international investment agreements: Definitions and Facts.**


**November 30. The rise of international investment agreements: Theories and Findings. Required:**


**December 7. Design of International Investment Agreements.**

**Required:**


**December 16. 16:00PM. Final Exam. Latt 431.**