

**Political Science 362**  
**Global Political Economy II: Policy and Analysis**  
WINTER 2023

**Instructor:** Dr. Mark Nieman

**Time and Location:** F 10am–12pm, Sidney Smith 1073

**Contact:** mark.nieman@utoronto.ca

**Student Hours:** Schedule through <https://nieman.youcanbook.me>,  
Location: Zoom Office

## Overview and Objectives

The course builds on themes introduced in POL361. It focuses on key aspects of world economic order, like policies governing trade, capital flows, migration, development, and telecommunications. Methods for analyzing the background and implications of such policies are introduced.

We begin by examining theories of trade, the domestic consequences of trade, and development strategies states undertake to manage trade. Why do states trade, and with whom? Who decides what goods are traded and which are protected from trade? Is free trade good for everyone all the time? Next we explore how states manage their currency. Recent events (e.g., onset of Covid and the subsequent economic shock and government response) demonstrate that fiscal and monetary policy have profound impacts on people's daily lives. If low interest rates heat up the economy, why don't governments keep them at or near zero? What are financial crises and how do they spread? What is the role of central banks? Do multinational corporations help or hinder developing states?

We will use theoretical, empirical, and historical approaches to analyze these topics. At the end of the course, students will understand why states trade (and why they don't trade everything), the ways states compete for and manage international finance, and the advantages and disadvantages of various monetary policies. Students should be able to apply this knowledge to real world scenarios, such as explaining debt crises, assessing the prospects of fiscal and monetary policy to avert recessions, or understanding why states implement specific trade policies.

## Learning Outcomes

At the end of this course, students should be able to:

- Describe analytical approaches to studying international political economy.
- Critically read and evaluate scholarly work.
- Assess policies in light of existing empirical and theoretical evidence.

## Required Text

Thomas Oatley. *International Political Economy* (Rutledge, 6th ed., 2019). (E-book Link)

Each week, we will read and discuss from the Oatley textbook to get an overview of the subject. All of the page numbers listed below are for the 6th edition. However, the 5th edition is an acceptable substitute and is likely a more affordable option, though you will have to adjust the page numbers accordingly.

Additionally, we will read a research article to provide an in-depth assessment of a specific topic within that subject. The research articles provide you with a sense of how academic research is actually conducted and presented. All research articles are available online through the university library. To find articles, search the article title and verify it is correct with the author's name.

### *Recommended Texts*

The following books provide additional background and may be useful to reference:

O'Brien, Robert and Marc Williams. 2020. *Global Political Economy*. 6<sup>th</sup> edition. MacMillian.

Eicher, Theo, John H. Mutti, and Michelle H. Turnovsky. 2009. *International Economics*. Rutledge. (available for free as pdf through library)

## Grading

Grades are based on a three take-home assessments. Each assessment is a series of short answer and essay questions. These should be uploaded to Quercus by the start of class on their due dates; late assessments (without a prior agreement with the instructor) are deducted 2.5 percentage points of their value per day; assignments more than 7 days late (including weekends) are not accepted. The course follows the standard university grading scale. Final grade percentages are rounded to the nearest whole number. Students will take more away from lecture if they have completed the required readings prior to class.

### Marking Scheme

Assessment	Percentage
Take-home Assessment 1	20
Take-home Assessment 2	30
Take-home Assessment 3	50
Total	100

## Schedule

### January 13: Introduction and Background.

*Required:*

Oatley Ch 1, pp. 1–20 and Ch 3, pp. 47–53 (The Economic Case for Trade).

Izadebski, Adam, Tymon Słoczyński, Anton Bonnier, Grzegory Koloch, and Katerina Kouli. 2020. Landscape Change and Trade in Ancient Greece: Evidence from Pollen Data. *The Economic Journal* 130(632): 2596–2618.

*Recommended for Background:*

O'Brien & Williams, Ch 1, pp. 5–22 and Ch 6, pp. 121–123 (Proponents of Free Trade).

Eicher, Mutti, & Turnovsky, Ch. 1–2, pp. 1–28 and Ch. 6, pp. 146–150 (Tariffs in the Small-Country Case).

### January 20: What Goods are Imported and Exported?

*Required:*

Oatley Ch 3, pp. 53–58 (Trade Bargaining) and Ch 4, pp. 70–81.

Hiscox, Michael J. 2002. Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation. *American Political Science Review* 96(3): 593–608.

*Recommended for Background:*

O'Brien & Williams, Ch 6, pp. 119–147 and Ch 9, pp. 210–215.

Eicher, Mutti, & Turnovsky, Ch. 3–4, pp. 34–99.

### January 27: Domestic Institutions and Trade Policy.

**Assessment 1 issued.**

*Required:*

Oatley Ch 4, pp. 81–91 (Organizing Interests) and Ch 3, pp. 59–62 (Enforcing Agreements—Prisoner's Dilemma).

Chyzh, Olga V. and R. Urbatsch. 2021. Bean Counters: The Effect of Soy Tariffs on Change in Republican Vote Share between the 2016 and 2018 Elections. *Journal of Politics*. 83(1): <https://doi.org/10.1086/709434>.

*Recommended for Background:*

O'Brien & Williams, Ch 6, pp. 119–147.

Eicher, Mutti, & Turnovsky, Ch. 7, pp. 182–211.

### **February 3: State Trade Strategies.**

#### **Assessment 1 due.**

##### *Required:*

Oatley Ch 5, pp. 93–113.

Milner, Helen V. and David B. Yoffie. 1989. Between Free Trade and Protectionism: Strategic Trade Policy and a Theory of Corporate Trade Demands. *International Organization* 43(2): 239–272.

##### *Recommended for Background:*

O'Brien & Williams, Ch 11, pp. 260–287.

Eicher, Mutti, & Turnovsky, Ch. 7, pp. 182–211.

### **February 10: Trade and Development I.**

##### *Required:*

Oatley Ch 6, pp. 115–136 and Ch 14, pp. 304–326.

Reuveny, Rafael and William R. Thompson. 2008. Uneven Economic Growth and the World Economy's North–South Stratification. *International Studies Quarterly* 52(3): 579–605.

##### *Background:*

O'Brien & Williams, Ch 11, pp. 260–287.

Eicher, Mutti, & Turnovsky, Ch. 11, pp. 300–329.

### **February 17: Trade and Development II.**

##### *Required:*

Oatley Ch 7, pp. 138–159 and Ch 15, pp. 328–347.

Simmons, Beth A. and Zachary Elkins. 2004. The Globalization of Liberalization: Policy Diffusion in the International Political Economy. *American Political Science Review* 98(1): 171–189.

##### *Background:*

O'Brien & Williams, Ch 11, pp. 260–287.

Eicher, Mutti, & Turnovsky, Ch. 11, pp. 300–329.

### **February 24: No Class–Reading Week**

### **March 3: WTO and Regional Trade Pacts.**

#### **Assessment 2 issued.**

*Required:*

Oatley Ch 2, pp. 22–44.

Goldstein, Judith L., Douglas Rivers, and Michael Tomz. 2007. Institutions in International Relations: Understanding the Effects of the GATT and the WTO on World Trade. *International Organization* 61(1): 37–67.

*Background:*

O'Brien & Williams, Ch 6, pp. 119–147.

Eicher, Mutti, & Turnovsky, Ch. 9–10, pp. 249–296.

### **March 10: International Finance.**

#### **Assessment 2 due.**

*Required:*

Oatley Ch 8, pp. 161–181 and Ch 9, pp. 182–205.

Li, Quan. 2006. Democracy, Autocracy, and Tax Incentives to Foreign Direct Investors: A Cross-National Analysis. *Journal of Politics* 68(1): 62–74.

*Background:*

O'Brien & Williams, Ch 7, pp. 148–173.

Eicher, Mutti, & Turnovsky, Ch. 8, pp. 220–244 and pp. 12, pp. 348–350.

### **March 17: International Monetary System.**

*Required:*

Oatley Ch 10, pp. 206–228 and Ch 11, pp. 229–254.

Lipsy, Phillip Y. and Haillie Na-Kyung Lee. 2019. The IMF as a Biased Global Insurance Mechanism: Asymmetrical Moral Hazard, Reserve Accumulation, and Financial Crises. *International Organization* 73(1): 35–64.

*Background:*

O'Brien & Williams, Ch 8, pp. 174–209.

Eicher, Mutti, & Turnovsky, Ch 12, pp. 341–351 and pp. 353–355; Ch 13, pp. 374–383; Ch 21, pp. 627–647.

## March 24: Monetary and Exchange Rate Policies I.

*Required:*

Oatley Ch 12, pp. 255–277.

Leblang, David. 2003. To Devalue or to Defend? The Political Economy of Exchange Rate Policy. *International Studies Quarterly* 47(4): 533–560.

*Background:*

O'Brien & Williams, Ch 8, pp. 174–209.

Eicher, Mutti, & Turnovsky, Ch 13, pp. 383–397

## March 31: Monetary and Exchange Rate Politics II.

**Assessment 3 issued March 27.**

*Required:*

Oatley Ch 13, pp. 278–302 and Ch 16, pp. 349–357.

Bearce, David H. 2008. Not Complements, but Substitutes: Fixed Exchange Rate Commitments, Central Bank Independence, and External Currency Stability. *International Studies Quarterly* 52(4): 807–824.

*Background:*

O'Brien & Williams, Ch 8, pp. 174–209.

Eicher, Mutti, & Turnovsky, Ch 18–19, pp. 524–584.

**April 7: No Class—University Holiday (Good Friday)**

**April 11–29: Final Assessment**

**Assessment 3 due: April 11.**

## Course Policies

*Student Responsibilities in the Learning Process:* Students are expected to complete all required readings on a topic prior to completing that topic's assessment and complete all assessments on time. This means accessing the materials with sufficient time to complete assessments prior to deadlines. In the event that a student has questions concerning the material, they should formulate specific questions to ask via office hours or email with sufficient time for a response prior to assessment deadlines (i.e. questions should be sent at least 24 hours prior to a deadline, excluding weekends).

*Classroom Conduct:* Students are expected to participate in class in a thoughtful and respectful manner while in the pursuit of knowledge accumulation. Generally, this means engaging with one another's ideas and treating others as one would like to be treated, as

well as *not* treating others how one would *not* like to be treated. Please see university policies on freedom of speech and discrimination and harassment.

*Grade Appeals:* In the event that a student believes that the grade of an assessment is inaccurate, based on the rubric and assignment instructions, and would like their assessment re-graded, they may appeal their assignment score. Decisions on appeals are at the discretion of the instructor. To make an appeal, a student must submit a written memo to the instructor explaining the specific discrepancy, and recommend an appropriate recourse (e.g., an appropriate mark in their view) within one week of receiving the graded assignment. Once the instructor receives confirmation of an appeal and the written memo (email is fine), they will open the student's assessment and re-grade the *entire* assignment by applying the rubric that was attached; that is, all aspects of the assessment will be evaluated, not only specific sections or parts. This will then be the new, final score on the assessment; an important caveat is that the score may stay the same, go up, or go down.

*Accommodations:* Please discuss any special needs with the instructor start of the semester, for example to request reasonable accommodations if an academic requirement conflicts with religious practices and/or observances. Those seeking accommodations based on disabilities should complete the appropriate documentation with Student Life Programs and Services.

*Academic Misconduct:* All acts of dishonesty in any work constitute academic misconduct; please see the University's guidelines—including ways to avoid inadvertent misconduct—and rules of procedures regarding misconduct. The Student Disciplinary Regulations will be followed in the event of academic misconduct.

A special note on plagiarism. Plagiarism is the act of representing, directly or indirectly, another person's work as one's own. It can involve presenting someone's speech, wholly or partially, as your own; quoting without acknowledging the true source of the material; copying and handing in another person's work with your name on it; and similar infractions. Even indirect quotations, paraphrasing, etc., can be plagiarism unless sources are properly cited.

*Copyright:* Course materials, including recorded lectures and slides, are the instructor's intellectual property covered by the Copyright Act, RSC 1985, c C-42. Course materials posted on Quercus are for registered students only and may not be posted to other websites or media without the express permission of the instructor. Unauthorized reproduction, copying, or use of online recordings will constitute copyright infringement.

The instructor reserves the right to modify the syllabus to reflect the pace of the course.