

**Globalization, Causes and Effects:
The US in Comparative Perspective**
Gov. 312L, Spring 2013

Professor Catherine Boone, Batts 3.128
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office hours: Tues. 9-10, 12:45 to 2:45

Unique # 38730
class meetings: T, Th. 11-12:15
in MEZ 1.306

TA Mr. Huseyin Alptekin, BAT 1.116
Supplemental Instructor (SI)
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Supplemental Instruction
Sessions
W: 2:00-3:00, PAR 1
Th: 12:30-1:30, WAG 201

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Course Description: This course examines changes in world politics and economics that are producing globalization, understood as the deepening integration of world financial markets, and asks what this means for the US and for other countries and regions of the world. Is globalization a threatening force that should be contained by Americans, or should it be promoted? How is it affecting American democracy and standards of living, and peace and well-being in other parts the world? What are national choices?

Through assigned and recommended class readings, films, lectures, and class discussions, we will explore "globalization" and its social, economic, and political causes and effects. We will place the American experience in comparative perspective by looking at causes and effects of globalization as evident in the European Union, China, and Africa.

This GOV 312 is an introductory level Government course that pursues three goals. The first is to encourage and enable students to think analytically (historically and comparatively) about relationships between market forces (technology, supply and demand, competition, and firm-level logics) and the political regulation of markets. Students will gain a general overview of how the international political economy has changed since the mid-20th century. This provides a basis for understanding and analyzing some of the big questions about globalization in the 21st century: Is it necessary or possible to regulate the global economy? What aspects of global economic integration have governments sought to regulate through international institutions? How can and how should governments seek to main the legitimacy of market systems?

The second goal is to place broad changes in the US economy, 1950s to 2010s, in historical, international, and comparative context. How have patterns of US integration into the world economy changed over time? How have US domestic and foreign policies shaped "globalization," and how has this process contributed to reshaping our society and our democracy? What if anything has Europe done differently?

The third is to look at what "globalization" means for the developing world, creating both opportunities and strains that shape possibilities for sustainable global economic governance. This part of the class stresses the uneven effects of growing integration of the world economy, underscoring the tension between the regulatory powers of *national* government in an increasingly *internationalized* economy. This allows students to see some of the forces that are driving change in domestic economies and in the structure of the international system.

The goal of the course is to introduce students to debates, concepts, and main outlines of the historical record, not to offer a comprehensive overview. Some topics we discuss are matters of partisan debate in the US (eg. trade policy, financial sector reform, tax policy, industrial policy, labor market regulation, US policy toward China). Class members are encouraged to air and discuss different points of view. We do not seek consensus around (or to resolve) these debates in our class.

Requirements, Exams and Quizzes, and Grading: Students are required to do all assigned course readings and attend course meetings. Most weeks have about 80 pages of assigned reading. The average load across all weeks is 60 pages. You need to keep up with the readings, attend class, and pay attention to lecture and class discussions in order to do well on the exams.

Grading is based upon three equally-weighted in-class exams, each making up 30% of your final course grade), and two in-class quizzes (each worth 5% of the final course grade). Here are the dates:

Quiz 1: Th., Jan. 31

Exam 1: Th., Feb. 14

Exam 2: Tues, March 26

Quiz 2: Tues, April 16

Exam 3: Th., May 2

Missed Exam Policy. If you miss an exam or quiz because of illness, submit a doctor's note within 4 calendar days and you will be given a make-up opportunity. If you need to miss an exam or quiz for a law school interview, participation in UT sports, or other professional or school-related commitment, bring documentation and make arrangements with the professor at least 14 days in advance. Make up exams will not be in the format of the in-class exams.

Supplemental Instruction Sessions. Huseyin Alptekin, one of our course TAs, is also a Supplemental Instructor for this course. He will offer weekly Supplemental Instruction (SI) sessions, which will be held on Wed., 2.00-3.00, in PAR 1, and Th. 12.30-1.30, in WAG 201. SI sessions are optional discussion sessions that will be organized around class lectures, films, and readings. You are strongly encouraged to attend any and all of these meetings.

Laptops and Cellphones: Laptops and cellphones are not allowed in class because they are a source of distraction. If you must use your computer or phone, pls. step out of the lecture hall.

Course Reading Materials: Five books are available for purchase at the UT Coop. These books are also on Reserve for our class at PCL.

Robert Gilpin, *The Challenge of Global Capitalism: The World Economy in the 21st Century* (Princeton U. Press, 2002).

Larry Bartels, *Unequal Democracy: The Political Economy of the New Gilded Age* (Princeton University Press and Russell Sage, 2008)

Jennifer Granhold and Dan Mulhern, *A Governor's Story: The Fight for Jobs and America's Economic Future* (Perseus Books, 2011)

Zachary Karabell, *Superfusion: How China and America Became One Economy* (Simon and Schuster 2009)

Alice Amsden, *Escape from Empire: The Developing World's Journey Through Heaven and Hell* (MIT Press, 2007)

UT Honor Code and Plagiarism.¹
Students with disabilities.²
Accommodations for religious holidays.³
Emergency Evacuation Policy.⁴

Part I: Managing the Global Economy, 1945-2000

Week 1. Introduction. Course Overview and Themes **Jan.15, 17**
 We'll discuss meanings of the term "globalization" and consider debates over its implications for national sovereignty, democracy, economic growth, and inequality within and across nations. Gilpin's book captures debates and developments circa 1998. For our class, Gilpin frames debates and places them in historical context.

Gilpin, *Challenge of Global Capitalism*, Preface, Intro., Ch. 10.

Week 2. The Cold War International Economy: Overview **Jan. 22, 24**
1930s-1950s
 Gilpin introduces a periodization of change in the global economy that will be a touchstone of our discussions. What is it? As WWII drew to a close, why did national leaders believe that the world economy needed to be regulated and structured by government, and what sort of management did they envision? Who led these efforts and called the shots?

Gilpin, *Challenge of Global Capitalism*, Chs. 1-2

Week 3. A World of National Economies, Linked by Managed Trade and Capital Flows **Jan. 29, 31**
 How did the Bretton Woods (BW) system govern trade and financial flows? From the perspective of national governments, what were the advantages and disadvantages of this system? What strains developed over time? What was the "counterrevolution" of the 1980s and what caused it?

Gilpin, *Challenge of Global Capitalism*, Chs. 3, 4
Thursday, Jan. 31. QUIZ #1 (5% of your grade)

¹ “The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the university is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community.” Plagiarism, def.: Taking a string of three or more words, or a sequence of ideas from any source, published or unpublished (other than your own original material), without proper use of quotation marks and proper citation. Cheating will result in a Fail as a final course grade.

² Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 471-6259, <http://www.utexas.edu/diversity/ddce/ssd/>

³ By UT policy, to make up work missed due to a religious holiday observance, the student must notify the prof. of the impending absence 14 days before the missed assignment. You will have an opportunity to complete the missed work within a reasonable time after the absence.

⁴ In cases a fire or other emergency, it may be necessary to evacuate rapidly. Upon fire alarm or announcement of an emergency, all building occupants must evacuate and assemble outside. Once evacuated, no one may re-enter the building without official instruction to do so. Know all the exit doors of each room and building you occupy, and remember that the nearest exit routes may not be the same as the way you typically enter a building. Students requiring assistance in evacuation shall inform their instructors in writing during the first week of class.

Week 4. The Deregulatory Turn of the 1980s and 1990s**Feb. 5, 7**

What strains and tensions lead to the gradual liberalization of the BW system? What were the major steps in this process of the 1970s, 1980s, and early 1990s?

Gilpin, *Challenge of Global Capitalism*, Ch. 5, 8, 11

Week 5. Rise of Finance; Exam 1**Feb. 12, 14**

Thursday, Feb. 14. EXAM #1

Part II: Globalization and Domestic Policy the US: Industry and Inequality

Both of the books we read in this part of the course connect taxes and wages to distribution of wealth in the US. Granholm describes structural changes in the US economy, their impact on workers and average citizens in Michigan. From her perspective as governor, she argues that cutting taxes for business is not the solution to the globalization-induced recession in Michigan. Bartels shows how wage and tax policies have shaped the impact of structural changes in the US economy on the fortunes of wealthy, middle class, and poor American families.

Week. 6. Restructuring the US Economy from the Bottom-Up: Globalization and Manufacturing**Feb. 19, 21**

Granholm calls herself "the voice of the most troubled state in the nation, home of the most troubled industry in America" (Granholm, 162). What historical sequence does Granholm's book trace? What policy debates and alternatives does she attempt to bring into focus?

Granholm, *A Governor's Story*, Intro. and Chs. 1, 2, 3, and 4

Week 7. Jobs, Business Tax Incentives, and New Investment**Feb. 26, 28**

What are American policy strategies and how do these compare to strategies embraced in the EU?

Granholm, *A Governor's Story*, Chs. 5, 6, 7, 8, and 10

Week 8. Inequality in the US**March 5, 7**

What are the trends in inequality in the US? How do the forces we associate with globalization shape these patterns? What does Bartels add to an economic explanation of the causes of growing inequality in the US?

Bartels, *Unequal Democracy: The New Political Economy of the Gilded Age*, Chs. 1, 2, 3

Week 9. Spring Break**March 12, 14****Week 10. Taxes and Wages in the US and EU****March 19, 21**

What does Bartels identify as policy shifts since 1980 that are key in producing the outcomes he describes? According to Bartels, how do public opinion and electoral politics shape Congressional policy making? What does the story of the 2008 financial crash and recession add to the analysis?

Bartels, *Unequal Democracy: The New Political Economy of the Gilded Age*, Chs. 6, 8

Week. 11 Tuesday, March 26. EXAM #2

Part III: Globalization and the Developing World

How do the changes we have been studying relate to economic transformations in the rapidly-rising developing countries, China first among them? What is the role of technological change in promoting globalization of manufacturing and finance? What impact have post-1980 liberalizations of trade and finance had on the poorer parts of the late-developing world?

Week 11. Thursday: Globalization and "The Rise of the Rest" March 28

Karabel, *Superfusion: How China and America Became One Economy*, Introduction

Week 12. China's Opening and the Rise of "Chimerica" April 2, 4

Karabel reports that some economists noted that by 2004, the global economy was being fueled primarily by Chinese production and American consumption. How was this underpinned by key changes implemented by Deng Xiaoping in the 1980s and 1990s, Jiang Zemin in the 2000s, and "the New Economy" that Karabel describes? What stereotypes about the China-US relationship does he seek to counter? What opportunities and strains in this relationship does he identify?

Karabel, *Superfusion*: Chs. 1, 2, 3, 6, 8, 11

Week. 13. State-Led Developmentalism's Rocky Road in the Poor Countries April 9, 11

What does Amsden mean by the "First US Empire" and the "Second US Empire," and how does this sequencing fit into the historical time-line we have traced in our class? In Amsden's recounting, how did the "Second US Empire" hurt development prospects in most of the development world? How did some countries, like China, escape these negative effects? What does her "heaven and hell" imagery invoke?

Amsden, *Escape from Empire: The Developing World's Journey through Heaven and Hell*, Ch. 1, 3

Week 14. From Developmentalism to "Open Economies" April 16, 18

How did trade and financial sector liberalization affect the development trajectories of poor countries, such as those in Latin America and Africa?

Tuesday, April 16. QUIZ #2. (5% of your grad. Does not cover Week 14 readings.)

Amsden, *Escape from Empire*, Ch. 5, 6, 8

Week 15. Challenges of Democracy and Development in the Globalized Economy

April 23, 25

What contrast between Asia and the rest of the developing world does Amsden seek to establish in Chs. 9 and 10? How did the "Second American Empire's" neoliberal economic policies affect African countries? What are some of the implications for agriculture and food?

Amsden, *Escape from Empire*, Ch. 9, 10, 11; Karabel, *Superfusion*, Ch. 14

Week 16. Recap of Course Issues and Debates April 30, May 2

In 2000, Gilpin called for a fundamental rethinking of how the global economy is managed. Bartels (2008) argued that American democracy is on the rocks. Shortly thereafter, Karabel argued that the crisis that began in 2008 calls for a fundamental rethinking of the US-China relationship (Karabel, 224-5). In 2011, Granholm called for a fundamental shift in US economic policy. What problems do these authors identify, and what solutions do they propose? What is your assessment of the major issues and choices that "globalization" has placed before us?

Thursday, May 2: EXAM #3