

The Sam Nunn School of International Affairs
Georgia Institute of Technology

INTA 6306 - GLOBALIZATION

SPRING 2018

Mondays, 6:00pm – 8:45pm
Habersham Building Room G17

Instructor: Dr. Diane Alleva Cáceres

Office Hours: By Appointment. Room 143, Habersham Building.

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OVERVIEW

The sweeping reduction of barriers to global trade over the last two-three decades has led to a rapid increase in the international exchange of goods, services and ideas. Economic, political and technological factors both drive and are influenced by these changes. This course will investigate the concept of globalization, its effects on domestic economies, politics and societies as well as how organizations attempt to mitigate its uncertainty and risk while taking advantage of new opportunities. We ask: What is globalization? What are its causes? Is it reversible? Is this phenomenon any different from other concepts such as “interdependence.” Does globalization increase or decrease wealth accumulation? What are the effects on development, wages and inequality, social safety nets, industries, and innovation, in both the developed and developing world?

The course is open to advanced undergraduates and graduate students. Prior work in political science or economics is strongly recommended. The course is divided into four sections. The introductory sessions establish a working definition of globalization, which is very difficult to achieve considering the variety of interpretations, both scholarly and popular. They also discuss key globalization theories. Understanding these different theoretical lenses will prove useful for the rest of the course.

The second section expands our understanding of globalization by examining its economic effects. Trade, foreign direct investment, development and the financial and monetary systems are considered. Case studies are included with selected topics in order to enliven some of the more abstract concepts discussed. Given the broad, deep and varying effects of the financial crisis of 2008 on the global economy, we revisit this phenomenon 10 years later. The third section looks at technological innovation within the context of globalization. How is technology produced and diffused globally? What is the nature of innovation systems within countries and why are some more effective than others? Section four examines globalization and issues of governance related to economic development, industrial policy-making and the global financial system.

I have tried to keep your weekly readings to a manageable level, though as you can imagine it is not easy given the breadth and depth of globalization as a concept. While some globalization issues are covered less than others, the course delves more deeply into economic, political, and technological elements. However, you are given considerable flexibility to choose essay topics of particular interest to you. I will also periodically bring in guest speakers to address topics within particular modules.

Please keep apprised of current issues regarding globalization by reading a good daily or weekly publication such as The New York Times, The Wall Street Journal, The Financial Times and/or The Economist. I will also be posting current event articles on T-Square from time to time. These will help link some of the more conceptual themes in the course with real world events.

COURSE REQUIREMENTS

Papers, Exams, Projects and Grades:

15% Analytical Book Review/Essay. The course also requires an analytical review of a popular book on globalization, 8-10 pages double-spaced. The essay should review a book that was written for a popular rather than scholarly audience. The essay should summarize the book's arguments, contrast its main claims with those of theories discussed during the course and determine its empirical validity.

30% Research Paper. 12-15 pages double-spaced research paper on a topic of interest to you and related to Globalization. Students will choose their topics in consultation with the professor during the first month of the course.

30% Short Essays (2). 2 short essays, double-spaced 3-5 pages each, related to course sub-topics. To be assigned.

25% Class participation. Class participation is critical to the success of this course. I expect each student to attend all classes and read all assignments prior to the start of each class. In addition, your active engagement in discussions, group projects, and presentations on the readings (to be assigned during the first class) will comprise the majority of your participation grade. All views are welcome as we all learn from each other's insights.

Student Honor Code/Academic Honesty: Adherence to the Student Honor Code is expected. The Academic Honor Code is explained in detail in the GIT General Catalogue or at <http://www.deanofstudents.gatech.edu/Honor/>. Any instance of suspected academic dishonesty (e.g., plagiarism; cheating on an examination) will be referred to the Office of the Dean of Students for disciplinary action.

Electronic Media: Please turn off your cell phone before class. Laptops are permitted ONLY for research and reference during class.

T-Square: T-Square will be used as a general bulletin board for the class and site for materials and added readings. It is your responsibility to access this important information source often.

Special Note: The instructor reserves the right to change session topics, exam dates, assignments throughout the semester. However, students will be given adequate notice of changes.

COURSE READINGS

Readings designated with a “◆” symbol are downloadable from T-Square

PART I:	Defining and Understanding Globalization (Class Cancelled - Weather)
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January 8 **What is Globalization? What theoretical frameworks can we use to understand it?**

◆ Robert Keohane and Joseph Nye, “Globalization: What's New? What's Not? (And So What?)” *Foreign Policy* 118 (Spring 2000): 104-120.

◆ Hirst, Paul, Grahame Thompson and Simon Bromley, *Globalization in Question*, 3rd edition chapters 1 and 2. Pp. 1-68. Cambridge : Polity Press ; Malden, MA : Blackwell Publishers, 2009.

◆ Beattie, A. (2017). The end of globalisation? Don't be so sure. FT.Com, Retrieved from <http://prx.library.gatech.edu/login?url=https://search-proquest-com.prx.library.gatech.edu/docview/1910625376?accountid=11107>

January 15 **NO CLASS - MLK HOLIDAY – read on own**

◆ Barry J. Eichengreen et al, “Is Globalization Today Really Different than Globalization 100 years ago?” NBER working paper # 7195.

◆ Geoffrey Garrett. “The Causes of Globalization.” *Comparative Political Studies*. September 2000 33: 941-991,

◆ Kenneth Waltz, “Globalization and Governance,” *PS: Political Science and Politics* 32 (December 1999): 693-700. Available at: <http://www.apsanet.org/PS/dec99/waltz.cfm>.

◆ Mauro Guillén. Is Globalization Civilizing, Destructive or Feeble? A Critique of Five Key Debates in the Social Science Literature. *Annual Review of Sociology*. 2001. 27:235–60

◆ Ronnie D. Lipschutz 2006. *Civil Societies and Social Movements Domestic Transnational, Global*. Edited by Ronnie D. Lipschutz. Ashgate: Hampshire, England.

PART II: Economic Effects of Globalization

January 22 Economic Convergence?

Part I Review (Make-up)

- ◆ Peter Hall and David Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (New York: Oxford University Press, 2001), chapter one.
- ◆ Daniel W. Drezner, "Globalization and Policy Convergence." *International Studies Review* 3 (Spring 2001): 53-78.
- ◆ Sachs, Jeffrey D; Warner, Andrew; Aslund, Anders; Fischer, Stanley. *Economic reform and the process of global integration; Comments. Brookings Papers on Economic Activity; 1995.*
- ◆ Dani Rodrik. 2003. "What do we learn from country narratives?" Introduction. *In Search of Prosperity*. Princeton University Press.

January 29 Globalization, International Trade and Foreign Direct Investment

Combine with January 22 readings

- ◆ Leamer, Edward E., (2006), "A Flat World, A Level Playing Field, a Small World After All, or None of the Above?" *Journal of Economic Literature*, March 2007.
- ◆ OECD, "Foreign Direct Investment for Development. Maximizing Benefits, Minimising Costs" 2002.
- ◆ Yue, J. (2016). China, global capitalism and the quest for legitimacy. *International Politics*, 53(6), 752-774. doi:<http://dx.doi.org.prx.library.gatech.edu/10.1057/s41311-016-0013-9>
- ◆ CHINA - FINANCIAL TIMES SPECIAL REPORT. "Scramble to adjust to a new reality". Wednesday October 27 2010.
- ◆ INDIA & GLOBALISATION - FINANCIAL TIMES SPECIAL REPORT. Thursday January 27 2011 and Thursday January 26 2012.

Recommended:

Moran, Theodore. 1998. "Foreign Direct Investment and Development – The New Policy Agenda for Developing Countries and Economies in Transition." Institute for International Economics.

Rebalancing the Global Economy: A Primer for Policymaking. Edited by Stijn Claessens, Simon Evenett and Bernard Hoekman. A VoxEU.org Publication

Taylor, Alan M. "Globalization, Trade and Development: Some Lessons from History." Working Paper 9326 <http://www.nber.org/papers/w9326> . *National Bureau of Economic Research* (NBER).

February 5 Globalization and Development: Poverty and Inequality

Group Project IN-CLASS

Development of short technical proposals in response to USAID RFP – "Economic Growth for Poverty Reduction." Request for Proposals Number SOL-OAA-11-000027

Background Readings (AT HOME)

- ◆ Korzeniewicz, Roberto Patricio, and William Smith. 2000. Poverty, Inequality, and Growth in Latin America: Searching for the High Road to Globalization. *Latin American Research Review*. 35, no. 3: 7-54.
- ◆ Wade, Robert. "Is Globalization Reducing Poverty and Inequality?" *World Development*, Volume 32, Issue 4, April 2004, Pages 567-589
- ◆ Hirst, Thompson and Bromley. Chapter 5. Pp. 131-158.
- ◆ Ravallion, Martin. The Debate on Globalization, Poverty, and Inequality: Why Measurement Matters. *World Bank Policy Research Working Paper* No. 3038, April 21, 2003.
- ◆ Request for Proposals Number SOL-OAA-11-000027. "Economic Growth for Poverty Reduction (EG4PR)." U.S. Agency for International Development. Pp. 5, 15 – 17, 96-109. (Read outside of class in preparation for in-class group project)

****1st Short Essay Due****

February 12 Globalization, Multinational Enterprises and Changing Modes of Production

Hirst, Thompson and Bromley. Chapter 3. Pp. 68 – 101.

◆ Suzanne Berger, Timothy Sturgeon, Constanze Kurz, Ulrich Voskamp, and Volker Wittke
Globalization, Value Networks and National Models. MIT IPC Globalization Working Paper 99-000. Memorandum prepared for the IPC Globalization Meeting, October 8, 1999.

◆ Sturgeon, Timothy and Richard Lester, "The New Global Supply-Base: New Challenges For Local Suppliers in East Asia." 2003.

February 19 Globalization and Financial Markets

◆ Mosley, Layna, "Room to Move: International Financial Markets and The Welfare State," *International Organization* 54 (Autumn 2000): 737-774.

◆ Mosley, Layna. Globalisation and the State: Still Room to Move? *New Political Economy*, Vol. 10, No. 3, September 2005

◆ Jeffrey Frieden, "*Invested Interests: The Politics of National Economic Policies in a World of Global Finance*," *International Organization*, vol. 45 (1991), pp. 425-51.

◆ THE FT'S YEAR IN FINANCE - FINANCIAL TIMES SPECIAL REPORT. Tuesday December 13 2011.

Recommended readings:

Susan Strange, *Casino Capitalism*. New York : St. Martin's Press, 1997. HG3881 .S76x 1997 ISBN: 0631150277

February 26 Case: Financial Markets & the Euro

◆ Feldstein, Martin. "The Failure of the Euro: The Little Currency that Couldn't." *Foreign Affairs*. Jan/Feb 2012. Pp. 105-116

◆ Eichengreen, Barry. "When Currencies Collapse: Will we replay 1930s or 1970s?" *Foreign Affairs*. Jan/Feb. 2012. Pp. 117-134.

Issue Guide: Eurozone Crisis. Author: Jeanne Park, Deputy Managing Editor. Updated: September 3, 2012. <http://www.cfr.org/world/issue-guide-eurozone-crisis/p28857>

Note: On this website, read the following:

Alessi, Chris. "Backgrounder - The Eurozone in Crisis". CFR. December 2, 2011. <http://www.cfr.org/eu/eurozone-crisis/p22055>

◆ European Commission. Directorate General Economic and Financial Affairs. “Economic Crisis in Europe: Causes, Consequences and Responses.” EUROPEAN ECONOMY 7 | 2009. Forward; Pp. 1-59.

◆ Draft EU inter-governmental agreement – “International Agreement on a Reinforced Economic Union.” December 2011.

Recommended:

<http://www.cfr.org/economics/crisis-guide-global-economy/p19710> (interactive)
<https://www.youtube.com/watch?v=go2bVGI0ReE> (Prof. Mark Blyth, Brown University. “Austerity”)

PART III: Globalization and Technological Innovation

March 5 Historical and Conceptual Overview: Economic Development & Technological Innovation

****Book Review/Essay Due at Beginning of Class – Hard Copy****

◆ J.A. Schumpeter (1911) The Theory of Economic Development, Ch. 2,4,6

◆ J.A. Schumpeter (1942), Capitalism, Socialism and Democracy New York: Harper, 1975. [orig. pub. 1942], pp. 81-165 (reference to “Creative Destruction”)

◆ Nelson, R. and S. Winter (1982), An Evolutionary Theory of Economic Change, Cambridge (MA): Harvard University Press, Parts I and II (pp. 1-136).

◆ F.M. Scherer (1965), Invention and Innovation in the Watt-Boulton Steam-Engine Venture, Technology and Culture, Vol. 6, No. 2 (Spring, 1965), pp. 165-187.

◆ David, Paul, 1985. Clio and the Economics of QWERTY, American Economic Review, American Economic Association, vol. 75(2), pages 332-37, May.

Recommended:

◆ OECD, O. (1997). Proposed guidelines for collecting and interpreting technological innovation data: Oslo Manual. OCDE Publications Service, Paris.

- ◆ Storper, M. (1992). The limits to globalization: technology districts and international trade. *Economic geography*, 60-93.
- ◆ Griliches, Z. (1957), Hybrid Corn: An Exploration in the Economics of Technological Change, *Econometrica*, Vol. 25, No. 4., pp. 501-522.

March 12 Innovation Systems

- ◆ Binz, C., & Truffer, B. (2017). Global Innovation Systems—A conceptual framework for innovation dynamics in transnational contexts. *Research Policy*.
- ◆ Lundvall, B. Å. (2007). National innovation systems—analytical concept and development tool. *Industry and innovation*, 14(1), 95-119.
- ◆ Cooke, P. (2001). Regional innovation systems, clusters, and the knowledge economy. *Industrial and corporate change*, 10(4), 945-974.
- ◆ Malerba, F. (2002), ‘Sectoral systems of innovation and production,’ *Research Policy*, 31(2), 247–264.
- ◆ Niosi, J., & Bellon, B. (1994). The global interdependence of national innovation systems: evidence, limits, and implications. *Technology in Society*, 16(2), 173-197.
- ◆ Carlsson, B. (2006). Internationalization of innovation systems: A survey of the literature. *Research Policy*, 35(1), 56-67.
- ◆ Leydesdorff, L. (2000). The triple helix: an evolutionary model of innovations. *Research Policy*, 29(2), 243-255.

Recommended:

Niosi, J. (2011). Building innovation systems: an introduction to the special section. *Industrial and corporate change*, 20(6), 1637-1643.

March 19 SPRING BREAK – NO CLASS

March 26 Diffusing Technologies and Institutions

****2nd Short Essay Due****

- ◆ Stoneman, P., & Diederer, P. (1994). Technology diffusion and public policy. *The Economic Journal*, 104(425), 918-930.
- ◆ Jacobsson, S., & Johnson, A. (2000). The diffusion of renewable energy technology: an analytical framework and key issues for research. *Energy policy*, 28(9), 625-640.
- ◆ Casper, S. (2006). 21 Exporting the Silicon Valley to Europe: How Useful is Comparative Institutional Theory? *Innovation, Science, and Institutional Change: A Research Handbook: A Research Handbook*, 483.
- ◆ Wolfe, D. A., & Gertler, M. S. (2002). Innovation and social learning: an introduction. In *Innovation and Social Learning* (pp. 1-24). Palgrave Macmillan UK.

- ◆ Buctuanon, E. M. (2001). Globalization of biotechnology: the agglomeration of dispersed knowledge and information and its implications for the political economy of technology in developing countries. *New Genetics and Society*, 20(1), 25-41.

PART IV: Globalization and Governance Issues

April 2 Democracy, The Nation-State and Governance

- ◆ Kupchan, Charles. "The Democratic Malaise: Globalization and the Threat to the West." *Foreign Affairs*. Jan/Feb 2012. Pp. 62-67.
 - ◆ Hooghe, Liesbet and Gary Marks. "Unraveling the Central State, but How? Types of Multi-Level Governance." *The American Political Science Review*, Vol. 97, No. 2 (May, 2003), pp. 233-243. URL: <http://www.jstor.org/stable/3118206> Accessed: 15/10/2010 09:41
 - ◆ Rodrik, D. (2017). *Populism and the economics of globalization*. Cambridge: National Bureau of Economic Research, Inc. doi:<http://dx.doi.org.prx.library.gatech.edu/10.3386/w23559>
- Hirst, Thompson and Bromley, Chapter 7 & 8.

April 9 Who Governs? Globalization, Technological Innovation and Industrial Policy

- ◆ Hirst, Thompson and Bromley, Chapter 6

- ◆ Ansell, C. 2000. The Networked Polity: Regional Development in Western Europe. *Governance*, 13(3): 303-333.

◆ Breznitz, D. 2007. *Innovation and the State: Political Choice and Strategies for Growth in Israel, Taiwan, and Ireland*. New Haven: Yale University Press. Chapter 1 and Conclusion.

◆ Ricardo Hausmann, Dani Rodrik, and Charles F. Sabel. *Reconfiguring Industrial Policy: A Framework with and Application to South Africa*. Revised August 31, 2007.

Recommended:

◆ Dani Rodrik, “Feasible Globalizations,” in M. Weinstein, ed., *Globalization: What’s New?*, Columbia University Press, New York, 2005.

April 16

Governance and the Financial System

****Research Paper Due at Beginning of Class – Hard Copy****

◆ The End of an Era in International Financial Regulation? A Postcrisis Research Agenda. Eric Helleiner and Stefano Pagliari (Review of Books). *International Organization* 65, Winter 2011, pp+ 169–200.

◆ Benjamin J. Cohen, “The Triad and the Unholy Trinity: Problems of International Monetary Cooperation,” in Jeffrey Frieden and David Lake, eds., *International Political Economy*, Third edition (New York: St. Martin’s Press, 1995).

◆ Held, D., & Young, K. (2013). Global governance in crisis? fragmentation, risk and world order. *International Politics*, 50(3), 309-332.
doi:<http://dx.doi.org/prx.library.gatech.edu/10.1057/ip.2013.9>

◆ Mosley, Layna and Singer, David Andrew(2009) 'The Global Financial Crisis: Lessons and Opportunities for International Political Economy', *International Interactions*, 35: 4, 420 — 429.
URL: <http://dx.doi.org/10.1080/03050620903328993>

◆ Buckberg, Elaine, “Whose Rules of the Game? Defining the Globalization Divide.” *International Finance*. 4:1, 2001: pp. 145-159.

◆ Stefaan De Rynck (2016) Banking on a union: the politics of changing eurozone banking supervision, *Journal of European Public Policy*, 23:1, 119-135, DOI: 10.1080/13501763.2015.1019551

April 23

LAST DAY OF CLASS (Pot-luck!)

Course Review

Globalization Debate (Convergence – pro/con)

POSSIBLE BOOKS TO REVIEW*

Martin Wolf, Why Globalization Works

Joseph E. Stiglitz, Making Globalization Work

Thomas Friedman, The World is Flat

David Singh Grewal, Network Power: The Social Dynamics of Globalization

Thomas Friedman, The Lexis and the Olive Tree

John Gray, False Dawn

William Greider, One World, Ready or Not

Michael Hardt and Antonio Negri, Empire.

Brink Lindsey, Against the Dead Hand

Daniel Litvin, Empires of Profit

Naomi Klein, No Logo

Richard Rosecrance, Rise of the Virtual State

Arundhati Roy, Power Politics

George Soros, The Crisis of Global Capitalism

Alan Tonelson, The Race to the Bottom

Walter Wriston, The Twilight of Sovereignty

Sachs Jeffrey, The End of Poverty: Economic Possibilities for Our Time

A Future Perfect: The Challenge and Hidden Promise of Globalization

Alternatives to Economic Globalization by John Cavanagh

*This list is not exhaustive. Feel free to choose a book not on this list, but obtain approval from the professor.