

2016

# POLS 459: International Political Economy—A Peer Review of Teaching Project Benchmark Portfolio

Nam Kyu Kim

*University of Nebraska–Lincoln*, [namkyu@unl.edu](mailto:namkyu@unl.edu)

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**Peer Review of Teaching Portfolio:  
POLS 459 International Political Economy  
Spring 2016**

Nam Kyu Kim  
Department of Political Science  
University of Nebraska-Lincoln  
[namkyu@unl.edu](mailto:namkyu@unl.edu)

**Abstract**

This Peer Review Course Portfolio documents my teaching practices in *International Political Economy* (POLS 459) and analyze student learning in the course. POLS 459 is an upper-division course designed to introduce students to the study of international political economy. The most important goal of the course is that students should be able to demonstrate substantive knowledge of the political economy of international trade, investment and development. To this end, I mainly employ classroom lectures, classroom discussions, and small group work. Students work on six in-class quizzes, three exams, and one group presentation. My analysis of student learning reveals that many students found the exams difficult and challenging, although there is a group of students that consistently scored very high. However, I fail to find evidence that students majoring in economics or business administration performed better than those majoring in neither economics nor business administration. It suggests that prior knowledge of economics is not a key factor of success in this course. The analysis also shows a strong correlation between quiz scores and exam scores, confirming the importance of completing the readings. Regarding group presentations, I find that students did a great job in group presentations, successfully applying the analytical concepts and frameworks they learned in class to a current issue in the international economy. Based on the analysis, I would like to make some changes for the future course: I will 1) increase the number of group presentations, 2) switch a quiz format to a take-home quiz to motivate students to complete readings, 3) make discussion of news articles a regular course activity.

KEYWORDS: international political economy, economics, exam, group presentation.

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## **1 Objectives of Peer Review Course Portfolio**

The main reason I decided to work on a course portfolio for this course is that I have previously taught this course several times and will teach it every year. I would like to systematically examine and improve my course materials and teaching techniques and strategies. I also believe this course is valuable to students because it is the only course covering the interactions between politics and economics in the Department of Political Science. With deepening globalization in recent years, the interplay between states and markets has become a central force in shaping domestic and international economic and political affairs. Understanding how politics influence economics and vice versa in the global economy has become crucial in the studies of political science and international relations. This course provides a rare opportunity to learn the field of international political economy in the University of Nebraska-Lincoln. Accordingly, I welcome this opportunity to work on a course portfolio for this course.

I will be producing a benchmark portfolio that provides an overview of my teaching practices and investigate student learning in the course. I would like to focus on how effective my course materials and teaching techniques and strategies are in teaching substantive knowledge of international political economy. I would also like to address a unique challenge posed in this course that other political science courses rarely meet: this course has a lot of economics in it and attracts many students majoring in economics or business administration. Furthermore, there is no prerequisite for this course. Thus, students' prior knowledge of economics, important background knowledge for this course, substantially varies across students. I will assess the relationship between students' majors or level of prior knowledge of economics, on the one hand, and their performance in this course, on the other hand. Last, my portfolio will also be an integral part of my tenure file during the promotion and tenure process.

## 2 Description of the Course

### 2.1 Course Description

As described in the [Syllabus](#), *International Political Economy* (POLS 459) is an upper-division course in political science and international relations designed to introduce students to the study of international political economy (IPE). To put it roughly, economics is the study of the production, distribution, and consumption of scarce resources. Political economy considers the role that the state plays in such production, distribution, and consumption. International political economy considers the flows of such production, distribution, and consumption across national borders, exploring the interplay between states and markets.

Throughout the course, we focus on systematically and rigorously understanding outcomes at the intersection of the international economy and international politics. To illustrate, this course addresses a vast array of questions: How do we conduct economic activity across borders—buy and sell goods, invest and lend money, when political authority ends at national borders? Why do some countries adopt certain trade policies but not others? Why does the value of the dollar go up and down, and how is this a political issue? What is the role of international organizations such as the IMF and the World Bank in fostering development? Students will engage with these questions through lectures, assigned readings, class participation, and group projects.

This course is offered by the Department of Political Science. There is no prerequisite for this course, and the course itself is not a required one in a sequence either. Although this course has been offered only sporadically in the past, it has become one of the core courses that I teach and is in the regular rotation of courses offered by the Political Science Department.

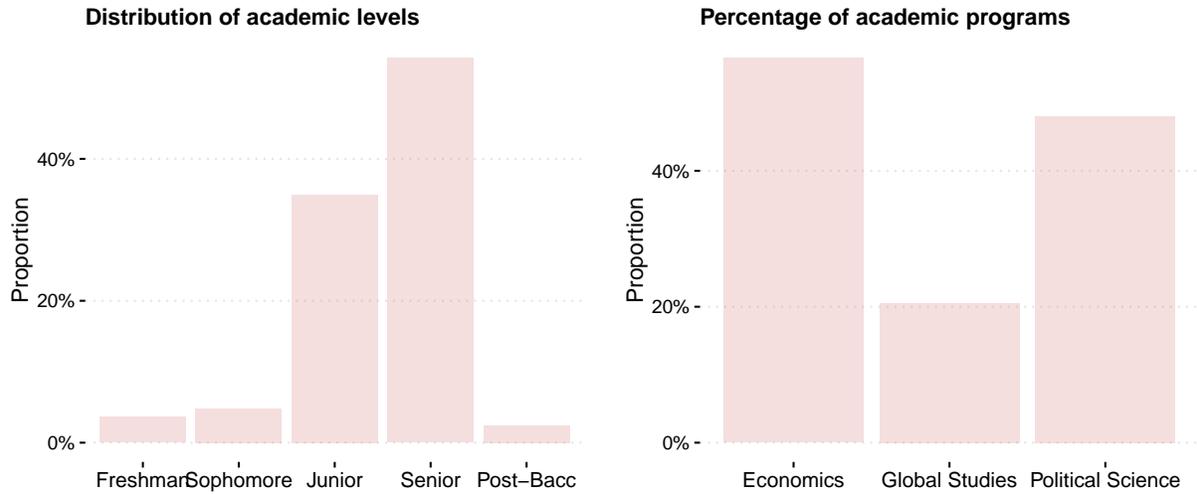
## 2.2 Course Goals

This course provides students with an overview and a general understanding of the reciprocal and interactive relationship between politics and economics in international economic affairs. Students will learn both a theoretical framework and specific knowledge about key issue areas in IPE. By the end of the semester, students should be able to:

1. Demonstrate substantive knowledge of the political economy of trade, investment and development. This means that students should be able to answer key questions: Why are tariffs and non-tariff barriers to trade high in some countries but low in others? Why are trades mutually beneficial? What drives changes in exchange rates? Why do multinational corporations invest in other countries?
2. Keep up with current events related to IPE. Students should be able to read and understand economic news articles about IPE issues such as trades, foreign investment, currency policies.
3. Develop informed opinions about economic and political science arguments for and against free trade, investment policy, and foreign aid.
4. Use the analytic tools we cover in class that extend well beyond the study of international political economy and will travel with students throughout their life as their interests evolve.

## 2.3 Enrollment Demographics

This course typically enrolls 15-20 students and is capped to have a maximum of 34 students. During the spring semester of 2016, there are 15 students enrolled in the course. Most of these students are seniors or juniors since this course is intended to be an upper-division course. As presented in the left panel of Figure 1, about 90% of students that have been enrolled in this course since 2013 are either seniors or juniors.



**Figure 1.** Enrollment Demographics.

The right panel of Figure 1 illustrates that students have diverse background and interests given that this is not a required course in the department's curriculum and covers both politics and economics. Even though the Department of Political Science offers this course, only 48% of students who have enrolled in this course have Political Science as one of their majors. More than the majority of students (56%) have reported Economics (including Agricultural Economics) or Business Administration (including several subfields such as finance, accounting, or international business) as one of their majors. Another important major is Global Studies, which accounts for about 20% of students who have so far enrolled in this course.

The spring 2016 semester's distribution of academic programs is slightly different from others. The proportion of students majoring Political Science was higher during this semester: 10 out of 15 students. Yet, 9 out 15 students were majoring in either Economics or Business Administration.

### **3 Teaching Methods / Course Materials / Course Activities**

#### **3.1 Teaching Methods**

I use different teaching methods throughout the course, but mainly employ classroom lectures, classroom discussions, and small group work. Each of these methods is designed to promote the course goals.

First, I devote a substantial portion of class time to lectures. In the lectures, I provide important background material, both factual and theoretical, and cover significant parts of the required readings. Lecture is particularly important for achieving the first course goal, learning substantive knowledge of the international political economy. This course has a lot of economics in it, but a course in economics is not a prerequisite for this course. The material comes from both economics and political science, but even the political science has an economic bent to it and is written for an audience with some knowledge of international trade and finance. Thus, most students, including even those majoring in economics and business administration, find themselves struggling with course material. Therefore, lecture provides me with an opportunity to ensure that every student enrolled understands the basic material like trade theory and open-economy macroeconomics. My lecture notes also provide a detailed introduction to basic economic theories. I make lecture notes available to students prior to the start of each class.

Second, I use small group discussions since lecturing alone is not sufficient to achieve the goal of building my students' substantive knowledge. Students are asked to break into small groups and grapple with puzzles as a group. Some questions are simply practice questions that are designed to check students' understanding of basic economic theories. Other questions motivate students to think about broad implications of the course material and apply theories and concepts they learn in class to the real-life examples. After the group discussion, students are asked to present their discussion results to the class and answer questions from other groups. This discussion gives

students the chance to check their understanding of what they learned and develop informed opinions about economic and political science arguments for various IPE topics, which is the third course goal.

Last, I actively attempt to provide students with a current events story where they can clearly see the connection between course materials and real-life examples. To accomplish this goal I often bring in one economic news article or column about a topic related to the class subject (e.g., Paul Krugman's columns on the effect of **international trade** on U.S. inequality or on China's currency manipulation). Students then read the column, discuss questions I had prepared, and share their opinions with classmates. When students see how the theoretical concepts they study in class are relevant to their own lives, they become more enthusiastic learners and more actively engage in group discussions.

### **3.2 Course Activities**

As stated in the **Syllabus**, students work on six quizzes, three exams (two midterm and final), and one group project. All quizzes, assignments, and exams are designed to help students learn substantive knowledge of the political economy of trade, investment and development.

I administer six short, unscheduled quizzes that cover the day's reading assignment. The goal of quizzes is to ensure that students have completed all readings prior to each class meeting and have prepared to actively participate in discussions. Quizzes are worth 10% of the course grade.

I use exams as the main method of assessing each student's comprehension since the most important goal of this course is to help students learn substantive knowledge of the political economy of trade, investment and development. Hence, student evaluation focuses on assessing whether students are able to answer some key questions in each IPE topic. These exams require students to know the assigned readings and the concepts covered as well as be able to synthesize the material. They are based on the substance

and analytical tools, and the main emphasis is on big ideas, not minutia. Given the importance of exams, three exams account for 60% of the overall course grade.

The exams are closed book exams featuring a combination of multiple choice test questions and short answer questions (see the example of an [exam](#)). Multiple choice test questions are used to assess various levels of learning outcomes, from basic recall to deeper comprehension, application, and analysis. Because students are choosing from a set of potential answers, however, I cannot effectively assess students' ability to organize thoughts or articulate explanations or creative ideas. Because of this obvious limit of multiple choice questions, I also utilize short answer questions. Students are asked to explain and discuss details of theoretical questions.

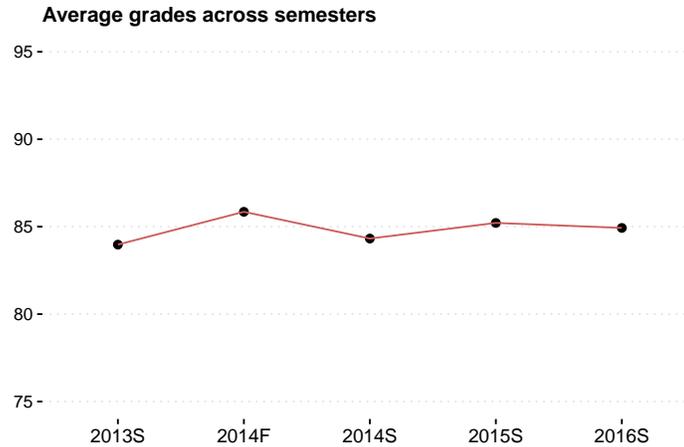
At the end of the course, students also conduct a team project to apply the analytical concepts and frameworks they learned in class to a current IPE example. In order to foster cooperative learning and an in-depth study of a particular topic of interest, students are asked to participate a group presentation and work in groups of three or four. They choose a recent topic in international political economy and conduct a thorough analysis of the issue at hand. The presentations are done in class, and each group should have a follow-up Q&A session. Evaluation of the group presentation is based on the level of sophistication of the underlying analysis as well as the quality of the presentation. The group presentation is worth 10% of the course grade.

### **3.3 Course Materials**

I use one required textbook:

Thomas Oatley, *International Political Economy: Interests and Institutions in the Global Economy*, 5th ed. (Routledge, 2013).

Remaining readings are drawn from a mix of books and journal and news articles. I prepare a PowerPoint presentation for each class that outlines the most important concepts, include information that is not in the text, and present statistical graphs or



**Figure 2.** Mean course grades across different semesters.

interactive charts relevant to a class topic. The slides are distributed to students at least one day prior to the lecture so that students have time to print the slides.

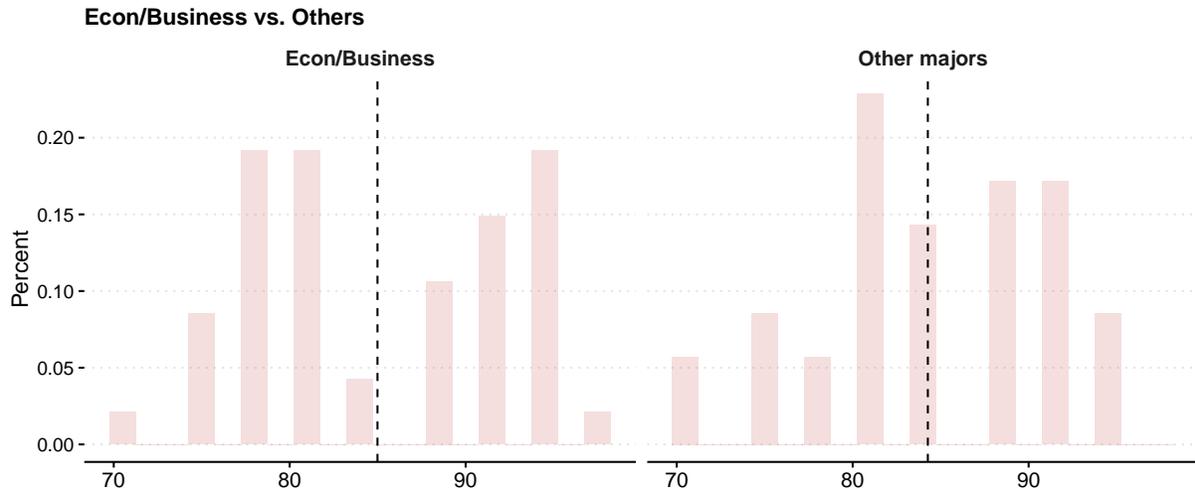
## 4 Analysis of Student Learning

As explained above, students work on a number of activities and assignments. This section will focus on exams and group presentations.

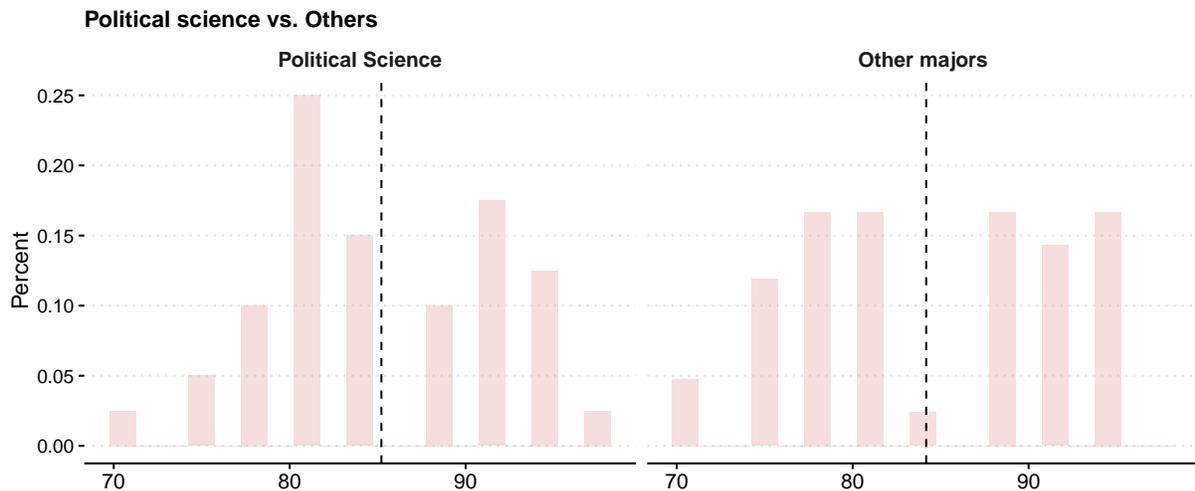
### 4.1 Majors and student performance

Before analyzing the performance of students enrolled in this semester's course, I examine data on this course from previous 4 semesters and combine them with data on this semester. Figure 2 compares the overall course grades across different semesters. To this end, I converted letter grades to numerical grades. Concerning the mean of course grades, there is little change over time. In general, the mean course grades have been around 85, which corresponds to B as a letter grade .

Figure 3 compares students' performance by their majors. As explained above, one challenge posed by this course is that students have different prior knowledge of economics. First, the top panel of the figure distinguishes students who majored in economics or business administration from those who did not major in economics and business administration. When I compare mean course grades, little evidence



**Figure 3.** Economics and Business vs. Other Majors.



**Figure 4.** Political Science vs. Other Majors.

suggests that students who majored in economics or business administration (about 85) have performed better than those who majored in neither economics nor business administration (about 84.3). This appears to challenge my belief that students from economics or business administration would perform better than students from other majors.

However, I find a different pattern when I compare distributions. The distribution for students majoring in economics or business administration is two-humped, having

two distinct groups, high performance and low performance. Conversely, the distribution for students majoring in non-economics and non-business administration has one hump, having more observations around the mean level. In addition, students who received A tend to be from economics-related majors rather than other majors. This implies that prior knowledge of IPE topics, such as trade or exchange rates, does not necessarily translate into a higher grade but that it definitely helps students succeed in this course.

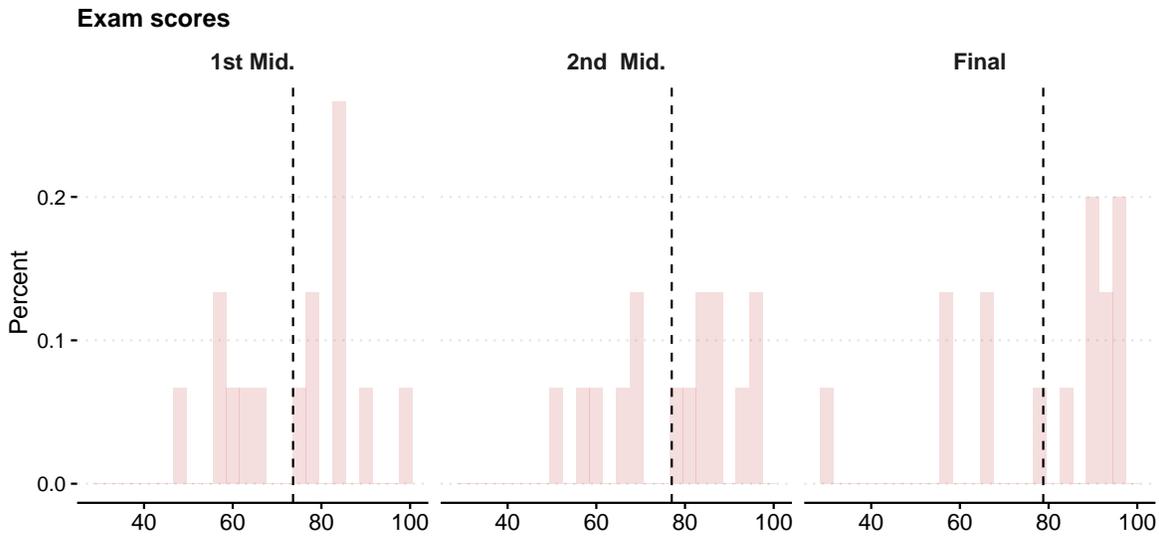
Similarly, I also compare two groups: students who majored in political science and those who from those who did not major in political science. Figure 4 shows that the distribution for students with political science major looks similar to the distribution for students with Other Majors presented in Figure 3. This is because there are not many students who majored in both political science and economics (or business administration).

## 4.2 Exams

The objective of the exams was to evaluate students' achievement of the first goal—demonstrating substantive knowledge of the political economy of trade, investment and development. As introduced above, I administered three exams, each of which covers different topics. The first exam assesses students' understanding about issues related to international trade. The second exam covers issues of international investment and international monetary affairs, and the last exam addresses economic development.

I first examine students' overall performance and its distributions. Figure 5 displays the distribution of exam scores for each exam. Several things are worth noting. First, the mean score of each test was slightly lower than 80 given that the total score is 100. This suggests either that the overall mean performance was not high or that students may in general perceive the exam questions to be difficult.

Second, Figure 5 shows that a substantial variation exists across students. In each exam, there are always students that received higher than 90. Meanwhile, I also find that several students scored less than 60. This implies that the exam questions were quite easy

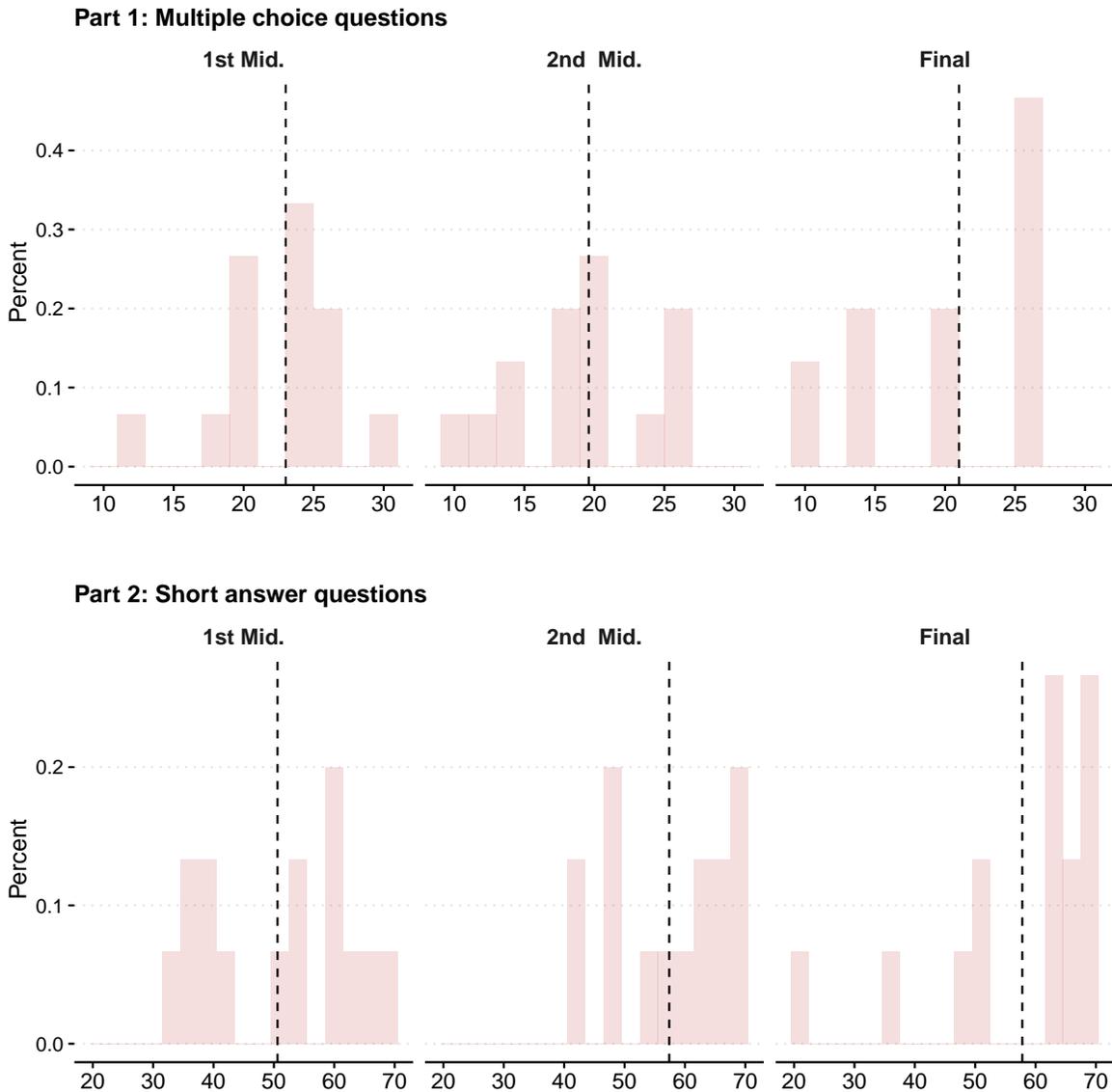


**Figure 5.** Distributions of Exam scores. The vertical dotted lines display the mean exam score.

for those who understood theories and concepts they learned in class. Yet, students that struggled with the course material or had little preparation for the exams found exams very difficult.

Nevertheless, the variation across students decreased between the first exam and the final exam. This seems to indicate that in the early period of the course, many students struggled with technical theories but have become more comfortable with theories and have learned how to prepare for an exam as the semester progressed. This is also in part because I have attempted to decrease the difficulty level after the first exam. Consequently, students who received high scores significantly increased in the second and final exams. However, it is worth noting that the mean score did not increase much since the students having scored low (e.g., below 60) in the first exams did not improve much in their performance. How to help this group of students should be an important challenge for this course.

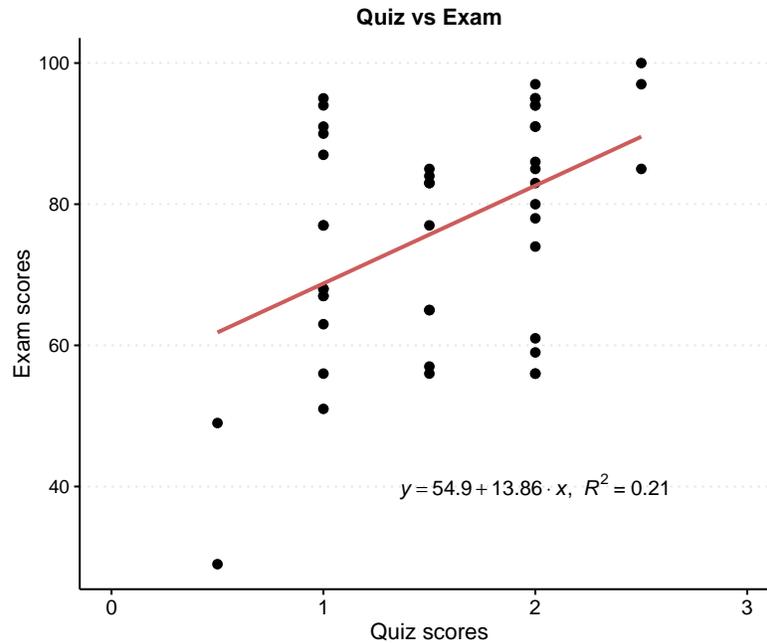
Figure 6 further differentiates between Part 1, consisting of 10 multiple choice questions, and Part 2 of the exams, comprising 4 short answer questions. Part 1 accounts for 30 points, and Part 2 accounts for 70 points. Both types of exam questions display a



**Figure 6.** Differentiating Between Part 1 and Part 2. The vertical dotted lines display the mean exam score.

large variation of exam scores, although multiple choice questions produced a slightly greater variation than short answer questions. As aforementioned, however, the variation decreased particularly in short answer questions.

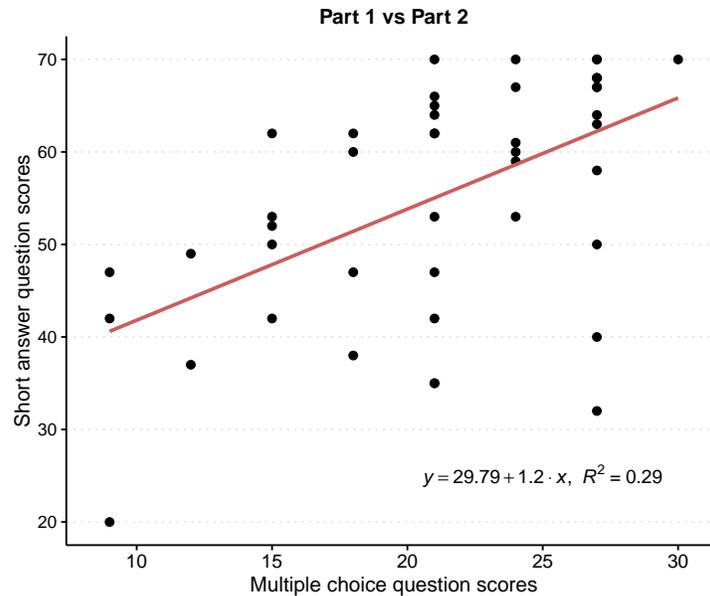
Now I turn to the relationship between quiz scores and exam scores. As explained in the **Course Activities** section, the goal of the in-class quiz is to motivate students to complete readings for each class and come to class prepared. Thus, I expect that students



**Figure 7.** Quiz vs. Exam scores.

who complete readings are more likely to score high in quizzes and that those who scored high in quizzes will perform better in exams. Supporting this expectation, the scatter plot in Figure 7 demonstrates that quiz scores strongly correlates with exam scores, as illustrated by the red regression line. However, a remaining important question is whether the quiz has achieved its goal. The large number of observations below 1.5 in quiz scores may imply that several students did not prepare for the class or did not understand the main point of the readings. I should think of how to get students come to class prepared.

I further examine whether a different format of exam questions is capturing a different student learning outcome. If this is true, scores of multiple choice questions will not significantly correlate with those of short answer questions. Otherwise, I will observe a high correlation between two exam formats. As illustrated in the scatter plot in Figure 8, scores of multiple choice questions significantly correlate with those of short answer questions, which reduces this concern. Nevertheless, there are clearly 'outliers' students located at the bottom-right of the figure; they did a good job in answering multiple choice

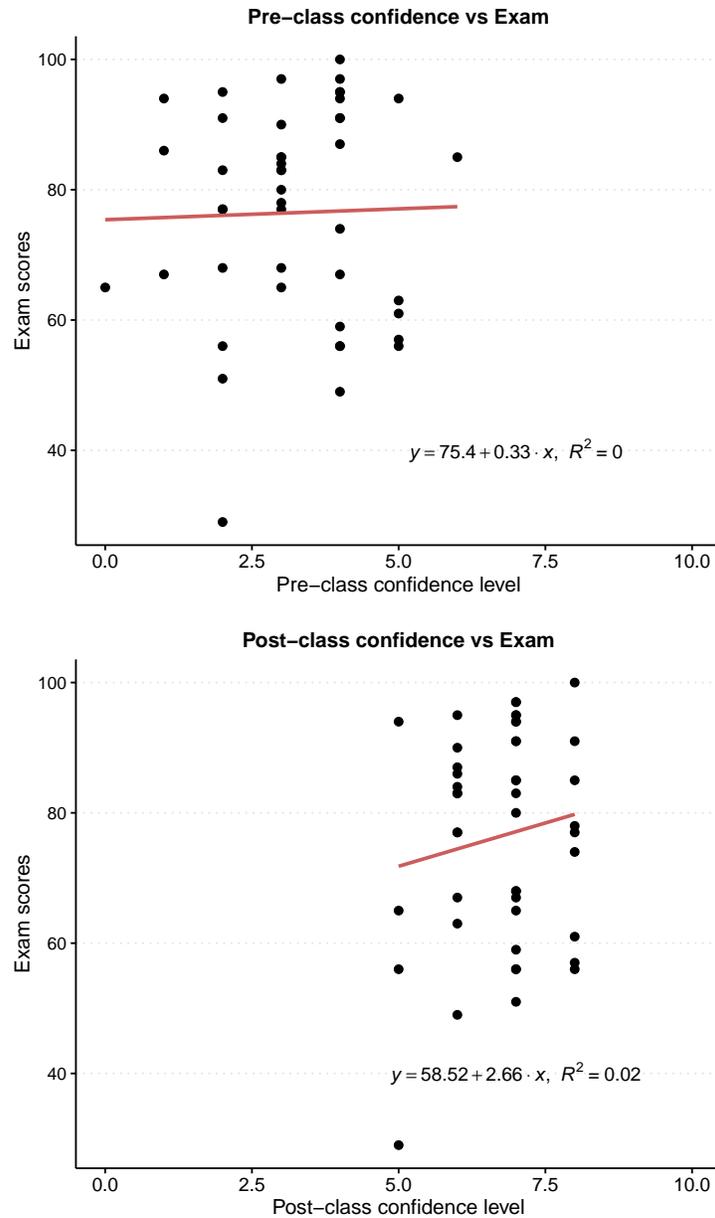


**Figure 8.** Part 1 vs. Part 2 scores.

questions but struggled with answering short answer questions.

Last, I probe how students' level of confidence with IPE topics and course material are correlated with exam scores. In the first day of the class, I conducted a short survey that asks students to rate on a scale from 1 to 10, their prior knowledge of three main topics, international trade, international monetary relations, and development. Before each exam I also administered a similar survey to assess student's level of confidence with course material.

Figure 9 explores how pre-class confidence and post-class confidence levels correlate with exam scores. The comparison of the two figures shows that students' confidence levels with IPE topics significantly increased after taking class. However, the top panel of Figure 9 shows that pre-class confidence level with course material does not correlate with exam scores. Higher confidence level does not translate into higher scores. This is consistent with the finding reported in Figure 3 that students who majored in economics or business administration do not performed better than those who did not economics or business administration. This finding may be evidence that my lectures provided sufficient background knowledge of economics and helped students overcome their lack



**Figure 9.** Pre-class and post-class confidence level vs. Exam scores.

of prior knowledge. Conversely, as displayed in the bottom of Figure 9, the level of post-class confidence correlates with exam scores. Students who feel more confident about their understanding of course material tend to perform better in exams.

### 4.3 Group presentations

At the end of the course, students participated group presentations. The goal of group presentations is not only to increase the substantive knowledge of IPE theories (Course

Goal #1) but also to motivate students to keep up with current IPE events (Goal #2) and to develop informed opinions about them (Goal #3). I find that group presentations successfully contribute to achieving these three goals.

We had three group presentations. Students chose various current topics: natural resource crisis and oil price, Chinese FDI into Africa, and US-China currency disputes. All groups introduced well background information about each topic and successfully applied the analytical concepts and frameworks they learned in class to each current IPE example (see an **example** presentation). The quality of the presentations was very high, and all groups had prepared well a Q&A session. Furthermore, all students enjoyed their presentations and were happy to share their research with other colleagues. Overall, I was pleased with the students' performance on the group presentations, and all three groups received a score of 10 on a scale of 1 to 10.

## **5 Planned Changes**

Although I am in general satisfied with students' performance in this course, I feel that there is room for further improvement. First, I would like to make some changes to group presentations. First, I will increase the number of group presentations. I devoted a substantial portion of class time to lectures since a course in economics is not a prerequisite for this course. Thus, increasing students' engagement is an important task in this course. Giving students more opportunities to make a group presentation will not only challenge them, but keep them more engaged with course material. Given the successful experience with group presentations in this semester, I will schedule group presentations at the middle and end of a semester, thereby each student participating group presentations twice.

Meanwhile, I also feel it is necessary to create an evaluation that measures each participant's contribution to the group project. Currently, I graded only the final presentation without considering each student's contribution. Thus, some students have an incentive

to free-ride on the efforts of others in several stages of preparing a presentation. This free-rider problem would be more important when I increase the number and importance of group presentations. I am considering to ask students to report each group member's percentage of contribution to the final project.

Third, I faced some challenge in getting all students to come to class prepared. To this end, I used unscheduled in-class quizzes. However, I find that the occasional unscheduled in-class quiz was not much effective. I administered 6 quizzes and only count the highest 5. The quiz is worth 10% of a final grade, which implies that each quiz is worth only 2% of a final grade. Combined with this low importance of the quiz, an unscheduled pop quiz may make students "make a bet" on not preparing for class. In the future, I would switch a quiz format to a take-home quiz that is scheduled before each class. This would more effectively encourage students to have a look at a textbook.

Last, I would use discussion of news articles more regularly. As explained in the [Course Activities](#) section, I often brought one economic news article or column about the international economy to the class and ask students to explain, discuss, and share their opinion with other classmates. I find that this was very effective in motivating students to engage with course material. I would like to make this a regular course activity and set a schedule for it.

## **6 Summary and Overall Assessment of Portfolio Process**

The Peer Review of Teaching Program gave me a chance to systematically discuss and learn with and from my colleagues how to improve my teaching. My colleagues in the program and the program facilitators have given me valuable comments and suggestions. I learned a lot from discussion with colleagues about teaching style and techniques. Group discussion provided me with several new ideas and insights that helped me design and improve my course.

Participating in this project has given me an opportunity to systematically examine

my course materials and teaching techniques. By writing this benchmark portfolio, I was able to better assess whether my students are achieving my specific learning goals for POLS 459. By collecting and analyzing data from the previous and current semesters and systemically examining general patterns, I was able to correct my mistaken preconception about students' majors and performance in this course. By simply writing down the objectives of the course, I had a chance of rethinking what I really want to achieve in this course. Now I am more confident that I am able to effectively improve as a teacher by always asking what my teaching goals are and how a certain course activity will help my students achieve those goals. I will pay more attention to documenting and assessing student learning. I look forward to using this portfolio as a baseline for continuously improving POLS 459.

## 7 Appendices

### Course Syllabus

## International Political Economy

POLS 459, Spring 2016

OLDH 208, TTh 12:30–1:45 PM

Course materials in <https://goo.gl/HEUTXA>

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**Instructor:** Nam Kyu Kim

**Office:** Oldfather Hall 528

**E-mail:** [namkyu@unl.edu](mailto:namkyu@unl.edu)

**Office Hours:** M 3:00 – 4:00 pm  
and by appointment

### Course Description

This course introduces students to the study of international political economy (IPE). IPE is described as “the reciprocal and dynamic interaction in international relations of the pursuit of power and the pursuit of wealth.” This course primarily focuses on the effects of political factors on international economic relations as well as the impact of economic factors on domestic and international politics across a variety of issue areas in IPE: international trade, foreign investment flows, international monetary relations, economic development, currency crises, and international cooperation. In this course, we will explore such questions as why do states trade? Under what conditions do governments restrict international commerce? How does capital mobility constrain national economic policy? Why does the dollar go “up” or “down” vis-à-vis other currencies, and why is this a political issue? What is the role of international organizations such as the IMF and the World Bank in fostering development? Does foreign direct investment by multinational corporations help or harm developing countries? We will examine the role of states, international and domestic institutions, and other factors in creating and/or managing conflicts and facilitating cooperation in the IPE.

This course has a lot of economics in it. The material comes from both economics and political science, but even the political science has an economic bent to it and is written for an audience with some knowledge of international trade and finance. However, a course in economics is not a prerequisite for this course. This means we will spend some class time covering the basics of things like trade theory and open-economy macroeconomics. I do not want to discourage those without an economics background from taking the course. Students do not need to have one. But this IPE course is not the right political science course for those who have little interests in international economics.

## Requirements

The final grade will be composed as follows:

**Attendance and Participation (20%)** Attendance is mandatory. This means that I expect you to be present at every seminar over the course of the term. You have **three** unexcused absences before your grade will be affected. Each additional absence will result in your attendance grade being lowered by one third for each absence (e.g. A to A- or C+ to C). Additional absences due to illness or personal emergency will require documentation, such as a note from a doctor. Chronic tardiness will also be noted. I also expect every student to contribute to discussion regularly and actively. Please remember that good participation does not simply mean stating your opinions, but rather making claims that can be substantiated with evidence from the readings or real world events. At the same time, do not be afraid to speak up. This is new material for everyone, and we will make a few mistakes. There is no such thing as a dumb question. Your participation grade will reflect the level of your effort, not the number of “right” answers you provide.

**Five in-class quizzes (10%)** Over the course of the semester I will administer 6 short quizzes at the beginning of class that cover the day’s reading assignment. Each quiz will have 3 questions on the readings. These quizzes are designed to be easy. No trick questions. If you have done the assigned reading you should be able to get a 100% on the quiz most of the time. I will give 6 quizzes and only count the highest 5. There is no make-up quiz.

**Group Presentations (10%)** In order to foster cooperative learning and an in-depth study of a particular topic of interest, students will be responsible for participating in a group presentation on an issue in IPE. Each group will consist of 3-4 students, and the presentation should last about 20-25 minutes. Presentation topics and guidelines will be announced during the course.

**Two Midterm (40%) and Final Exams (20%)** The midterm and final exams will be closed book exams featuring a combination of multiple choice and short answer questions. These exams will require you to know the assigned readings and the concepts covered as well as be able to synthesize the material. The exam schedule is set. Clear your schedules now. There will be no make-up examinations unless you can provide proper documentation that your absence is due to a) a genuine family emergency, b) illness or injury, or c) travel away from Lincoln for university-related (!) obligations. More information on the exams will be made available during the course.

## Grading Scale

The grading scale for this course is as follows:

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97–100	A+	87–89	B+	77–79	C+	67–69	D+
93–96	A	83–86	B	73–76	C	60–66	D
90–92	A-	80–82	B-	70–72	C-	0–59	F

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## Additional Information

**Learning Assistance** Students with disabilities are encouraged to contact the instructor for a confidential discussion of their individual needs for academic accommodation. It is the policy of the University of Nebraska–Lincoln to provide flexible and individualized accommodation to students with documented disabilities that may affect their ability to fully participate in course activities or to meet course requirements. To receive accommodation services, students must be registered with the Services for Students with Disabilities (SSD) office, 132 Canfield Administration, 472–3787 voice or TTY.

**Academic Honesty** Cheating is very serious offense that will not be tolerated in the course. You will receive a failing grade for the class. The examinations are closed book; you are not allowed to use any notes or books when taking them. You should bring several pens to the exams in case one fails. You may write the examinations in pencil, but if you do so you forfeit your right to contest your grade. Please refer to the Student Handbook, the University’s Code of Conduct and the Office of Undergraduate Studies’ document on academic integrity for the University’s policies on plagiarism, cheating and other forms of academic dishonesty.

**Grade Appeal** If you wish to contest a grade, send me a written appeal no sooner than 24 hours and no later than one week after receiving your grade. Note that when I re-evaluate a grade, I may take off points for other omissions, weaknesses, or errors.

## Required Readings

There is one required textbook for the course: Thomas Oatley, *International Political Economy: Interests and Institutions in the Global Economy*, 5th ed. (Routledge, 2013). It is available for purchase at the University Bookstore or online. A number of additional readings are also required; you can access them here (<https://goo.gl/HEUTXA>). Students are expected to have completed the reading by the day for which it has been assigned. Both the textbook and remaining items are equally vital, and will provide material for the exams.

I suggest that you keep up with current events by reading the main international economics stories of the day/week in either [the New York Times](#), [the Financial Times](#), or

**the Economist.** We will frequently discuss current economic events in class; details about such events could also be useful on your exams, at least as an option.

## Important Dates

Midterm Exam 1 .....	February 18
Midterm Exam 2 .....	March 17
Final Exam .....	May 6

## Course Outline

### January 12. Introduction to the course

- No assigned readings.

### *Part I: International Trade*

### January 14. Economies of Trade

- Oatley 46–53.
- ‘The Battle of Smoot–Hawley’ in *The Economist* (December 20th, 2008).

### January 19. Domestic Distributive Politics of Trade I

- Oatley, 69–79.
- Hiscox, Michael J. 2001. “Class versus industry cleavages: inter-industry factor mobility and the politics of trade.” *International Organization* 55 (1): 1–46.
- In-class reading: “Trouble With Trade” *The New York Times* (December 28, 2007).

### January 21. Domestic Distributive Politics of Trade II

- Milner, Helen V. and Benjamin Judkins. 2004. “Partisanship, Trade Policy, and Globalization: Is There a Left–Right Divide on Trade Policy?” *International Studies Quarterly* 48, 95–103, 114–116.
- Scheve, Kenneth F. and Matthew J. Slaughter. 2001. “What Determines Individual Trade-Policy Preferences?” *Journal of International Economics* 54 (3):267–92.
- Mansfield, Edward D. and Diana C. Mutz. 2009. “Support for Free Trade: Self–Interest, Sociotropic Politics, and Out–Group Anxiety.” *International Organization*. 63(3): 425–457.
- “Partisan Tangle Over Trade Pact with Colombia,” *The New York Times* (April 10, 2008).

### January 26. Trade and Protectionism

- Oatley, 58–62, 79–80
- Elliott, Kimberly A. 2005. “Big Sugar and the Political Economy of US Agricultural Policy,” *Center for Global Development Brief*.
- In-class reading: “From China, an end run around U.S. tariffs” *The Washington Post* (May 23, 2011).

#### **January 28. Domestic institutions, political regimes and trade policy.**

- Oatley, 81–87.
- Hiscox, Michael J. “The Domestic Sources of Foreign Economic Policies,” 65– 72.
- Nielson, Daniel L. 2003. “Supplying Trade Reform: Political Institutions and Liberalization in Middle–Income Presidential Democracies,” *American Journal of Political Science* 47: 470–475 (skim remaining pages if you wish).
- Helen V. Milner with Keiko Kubota. 2005. “Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries,” *International Organization* 59.

#### **February 4. “Strategic trade” and competitiveness.**

- Oatley, Chp 5.
- Goldstein, Andrea E. and Steven M. McGuire. 2004. “The Political Economy of Strategic Trade Policy and the Brazil–Canada Export Subsidies Saga,” *World Economy*. 541–566.

#### **February 9. National security and trade policy.**

- Joanne Gowa, *Allies, Adversaries, and International Trade* (Princeton: Princeton University Press, 1994), 3–10.
- Rodney D. Ludema, “Allies and Friends: The Trade Policy Review of the United States, 2006,” *World Economy* (2007), 1209–1221.
- “Merci, Y’all,” *The Economist* (February 24, 2005).
- In-class reading: “China’s Economic Power Unsettles the Neighbors,” *The New York Times*, December 10, 2009

#### **February 11. International institutions and trade.**

- Oatley, 53–67.
- “China’s Economic Power Unsettles the Neighbors,” *The New York Times* (December 10, 2009 )

## **February 16. In-class Review for Midterm Examination**

## **February 18. Midterm Examination 1**

## **February 23. WTO and Regional trade agreements.**

- Oatley, Chp. 2.
- Crowley, Meredith A. 2003. "An Introduction to the WTO and GATT," *Economic Perspectives* 42–57.
- Gowa, Joanne S. and Soo Yeon Kim. 2005. "An Exclusive Country Club: The Effects of the GATT on Trade," *World Politics* 57 (2005), 453–478.

## ***Part II: International Investment***

## **February 25. Multinational corporations (MNCs).**

- Oatley, Chp. 8.

## **March 1. Politics of FDI**

- Oatley, Chp. 9.
- "When an Investment Becomes an Argument," *Financial Times* (February 12, 2006), 12.

## **March 3. Attracting investment**

- Jensen, Nathan M. 2008. "Political Regimes and Political Risk: Democratic Institutions and Expropriation Risk for Multinational Investors." *Journal of Politics* 70(4): 1040–1052.
- Yeung, Bernard et al. 2007. "Does 'Good Government' Draw Foreign Capital? Explaining China's Exceptional Foreign Direct Investment Inflow," *World Bank Policy Research Working Paper* 4206.
- Oatley, 199–200.
- "Europe Competes for Investment with Lower Corporate Tax Rates," *Wall Street Journal* (April 17, 2007), A12.

## ***Part III: International Monetary Systems***

## **March 8. Introduction to the International Monetary Systems**

- Oatley, 202–241

- In-class reading: “Buck to the future,” *The Economist* (October 11, 2014).

**March 10. The political economy of exchange rate choices. Domestic and international determinants.**

- Oatley, Chp. 12.
- Broz, J. Lawrence and Jeffrey A. Frieden. 2006. “The Political Economy of Exchange Rates,” *Handbook of Political Science*, 587–597.
- “Caterpillar’s Profit Climbs on Strength of Foreign Sales,” *The New York Times* (April 19, 2008).
- Phillips, Michael. “Dollar Bind: Gulf Rethinks Currency Ties,” *Wall Street Journal* (May 19, 2008).

**March 15. In-class Review for Midterm Examination**

**March 17. Midterm Examination II**

**March 22-24. Spring Vacation**

**March 29. A State Centered Approach to the Monetary System and Exchange Rates**

- Oatley Chp. 13
- In-class reading: “The Renminbi Runaround,” *The New York Times* (June 24, 2010).

**March 31. Monetary Union and the Euro**

- Oatley, 241–247.
- Eichengreen, Barry. 2005. “Europe, the euro and the ECB: Monetary success, fiscal failure.” *Journal of Policy Modeling* 27(4): 427–439.
- Paul Krugman, “The Euro Trap,” *New York Times*, April 30, 2010

**April 5. The Financial Crisis of 2008**

- Watch the documentary movie “Inside Job”

**April 7. No class: Midwest Political Science Association Annual Conference**

**April 12. Latin American Debt Crisis & Asian crisis**

- Oatley, Chp. 14 & Chp. 15
- Sachs, Jeffrey. 1998. “The IMF and the Asian Flu,” *American Prospect* (March–April 1998).

*Part IV: Topics in International Political Economy*

**April 14. Trade and developing nations**

- Oatley, Chp. 6
- Oatley, Chp. 7

**April 19. Development and Foreign Aid**

- Jeffrey D. Sachs. 2005. "Investing in Development: A Practical Plan to Achieve the Millennium Development Goals," (Chapters 1 and 2)
- Alesina, Alberto, and David Dollar. 2000. "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth* 5(1): 33-63.
- Easterly, William. 2002. "The Cartel of Good Intentions," *Foreign Policy*, July-August, pp. 40-49.

**April 21. Group Presentations**

**April 26. In-class Review for Final Examination**

**April 28. Final Exam**

*This syllabus is subject to modification by the instructor should alternative measures appear more appropriate and efficient.*

## Selected group discussion handout

1/7/13

Op-Ed Columnist – Trouble With Trade – NYTimes.com

**The New York Times**

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December 28, 2007

OP-ED COLUMNIST

### **Trouble With Trade**

By [PAUL KRUGMAN](#)

While the United States has long imported oil and other raw materials from the third world, we used to import manufactured goods mainly from other rich countries like Canada, European nations and Japan.

But recently we crossed an important watershed: we now import more manufactured goods from the third world than from other advanced economies. That is, a majority of our industrial trade is now with countries that are much poorer than we are and that pay their workers much lower wages.

For the world economy as a whole — and especially for poorer nations — growing trade between high-wage and low-wage countries is a very good thing. Above all, it offers backward economies their best hope of moving up the income ladder.

But for American workers the story is much less positive. In fact, it's hard to avoid the conclusion that growing U.S. trade with third world countries reduces the real wages of many and perhaps most workers in this country. And that reality makes the politics of trade very difficult.

Let's talk for a moment about the economics.

Trade between high-wage countries tends to be a modest win for all, or almost all, concerned. When a free-trade pact made it possible to integrate the U.S. and Canadian auto industries in the 1960s, each country's industry concentrated on producing a narrower range of products at larger scale. The result was an all-round, broadly shared rise in productivity and wages.

By contrast, trade between countries at very different levels of economic development tends to create large classes of losers as well as winners.

Although the outsourcing of some high-tech jobs to India has made headlines, on balance, highly educated workers in the United States benefit from higher wages and expanded job opportunities because of trade. For example, ThinkPad notebook computers are now made by a Chinese company, Lenovo, but a lot of Lenovo's research and development is conducted in North Carolina.

But workers with less formal education either see their jobs shipped overseas or find their wages driven down by the ripple effect as other workers with similar qualifications crowd into their industries and look for employment to replace the jobs they lost to foreign competition. And lower prices at Wal-Mart aren't sufficient compensation.

All this is textbook international economics: contrary to what people sometimes assert, economic theory says that free trade normally makes a country richer, but it doesn't say that it's normally good for

everyone. Still, when the effects of third-world exports on U.S. wages first became an issue in the 1990s, a number of economists — myself included — looked at the data and concluded that any negative effects on U.S. wages were modest.

The trouble now is that these effects may no longer be as modest as they were, because imports of manufactured goods from the third world have grown dramatically — from just 2.5 percent of G.D.P. in 1990 to 6 percent in 2006.

And the biggest growth in imports has come from countries with very low wages. The original “newly industrializing economies” exporting manufactured goods — South Korea, Taiwan, Hong Kong and Singapore — paid wages that were about 25 percent of U.S. levels in 1990. Since then, however, the sources of our imports have shifted to Mexico, where wages are only 11 percent of the U.S. level, and China, where they’re only about 3 percent or 4 percent.

There are some qualifying aspects to this story. For example, many of those made-in-China goods contain components made in Japan and other high-wage economies. Still, there’s little doubt that the pressure of globalization on American wages has increased.

So am I arguing for protectionism? No. Those who think that globalization is always and everywhere a bad thing are wrong. On the contrary, keeping world markets relatively open is crucial to the hopes of billions of people.

But I am arguing for an end to the finger-wagging, the accusation either of not understanding economics or of kowtowing to special interests that tends to be the editorial response to politicians who express skepticism about the benefits of free-trade agreements.

It’s often claimed that limits on trade benefit only a small number of Americans, while hurting the vast majority. That’s still true of things like the import quota on sugar. But when it comes to manufactured goods, it’s at least arguable that the reverse is true. The highly educated workers who clearly benefit from growing trade with third-world economies are a minority, greatly outnumbered by those who probably lose.

As I said, I’m not a protectionist. For the sake of the world as a whole, I hope that we respond to the trouble with trade not by shutting trade down, but by doing things like strengthening the social safety net. But those who are worried about trade have a point, and deserve some respect.

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*Discussion questions*

1. What is Paul Krugman's main argument?
2. How has the US trade pattern changed over time?
3. What is the difference between trades with Japan and trades with China?
4. How has the change in the trade pattern affect the level of income inequality in the US?
5. How would China's trade with the US affect the level of income inequality in China?

## Final Exam, POLS 459: International Political Economy April 28, 2016

### Instructions

Print your name on the front page of your exam.

### Multiple choice questions – 30 points total

1. Which of the following is true about the theory of Big Push?
  - a. Primary product exporting economies will experience unfavorable changes in their commodity terms of trade over time.
  - b. Government intervention is needed to assure that industrialization will occur across multiple sectors of the economy.
  - c. Well-being can be improved by specialization and trade without using any new resources
  - d. Tariff protection will be needed to allow the domestic industry to develop forward and backward linkages, thus becoming more efficient over time.
  - e. Deregulated markets and small government are necessary for development.
  
2. Why did some scholars think trade worked against the interests of less developed countries?
  - a. Trade inevitably hurt the economies of all countries, whether developing or developed.
  - b. The experience of colonialism permanently damaged the chances of industrialization for LDCs.
  - c. International organizations were deliberately creating trade agreements that hurt LDCs' interests.
  - d. Over time the price of LDCs' manufactured goods decreased relative to the price of developed countries' goods.
  - e. Over time the price of LDCs' primary exports decreased relative to the price of developed countries' manufactured exports.
  
3. Which of the following has nothing to do with the Asian Financial Crisis?
  - a. Fixed exchange rate
  - b. Large inflows of short-term foreign capital
  - c. Large current account deficit
  - d. Large budget deficit
  - e. Crisis contagion
  
4. Which of the following is not true about IMF?
  - a. The IMF's primary purpose is to ensure the stability of the international monetary system.
  - b. It provides advice, technical assistance, and training to its current member countries to help them achieve economic stability.
  - c. It makes temporary financing available to member countries when they find themselves short of foreign exchange.
  - d. It usually makes temporary financing conditional on the recipient country's willingness to satisfy tough requirements.
  - e. It serves as the world central bank.
  
5. What are structural adjustment programs?
  - a. Programs to improve road safety in developing countries.
  - b. Policies instituted in the 1980s to widespread public approval.
  - c. Requirements to qualify for World Bank and IMF loans.
  - d. UN building regulations for disaster preparedness.
  - e. Development aid for least developed countries.

6. Why did countries abandon import substitution industrialization (ISI)?
- Other countries saw how fast Latin American countries had grown by encouraging exports and decided to adopt the same policies.
  - The “Asian Tigers” were devastated by the debt crisis and had to make significant reforms to recover.
  - The IMF convinced indebted countries that the “Washington consensus” had been wrong to advocate ISI policies.
  - The IMF pressured indebted countries to reduce trade protection and the government’s role in the economy.
  - The governments that implemented ISI were overthrown by politically powerful domestic groups who had been hurt by the policies.
7. The arrival of the European Central Bank created some problems for policy-makers in the member countries because they lost \_\_\_\_\_.
- Ability to control common external tariff rate
  - Ability to control optimum social benefit rates
  - Ability to control interest rates
  - Ability to control maximum VAT rates
  - Ability to control GNP based income levy
8. Developing countries have often chosen to establish pegged exchange rates because
- This prevents the depreciation that would otherwise occur due to their high inflation.
  - With small economies, it is easier for them to peg their currency than it would be for a large country.
  - A pegged rate imposes discipline on their government and central bank, helping to prevent inflation.
  - Economists advise that countries with pegged exchange rates are able to grow faster than countries with floating exchange rates.
  - A pegged exchange rate allows flexible monetary policies.
9. How did the economic policies of poor countries change after the First World War?
- Poor countries changed from principally exporting primary products to encouraging industrialization.
  - Poor countries reduced previously high levels of trade protection and encouraged imports.
  - Poor countries began borrowing more money from international investors.
  - Poor countries reduced the level of government involvement in their economies in order to spur innovation.
  - The governments of poor countries began to ban foreign direct investment in their countries.
10. Which of the following crises occurs when a speculative attack on the exchange value of a currency results in a sharp depreciation in the value of the currency?
- Market-based economy crisis
  - Currency crisis
  - Banking crisis
  - Foreign debt crisis
  - IMF crisis



3. Explain why East Asian countries outperformed other developing countries. Provide at least three contributing factors. (20pts)

4. What are different explanations for the foreign aid's failure to alleviate poverty? Provide at least three explanations. (20pts)

# The Natural Resource Crisis and Oil Prices

IPE 459

Sarah Dagel, Camille Sippel, Maritza Alvarez, Aaron Hoagland, Sam Baker

## Introduction

- [Introduction Video](#)
- Definition - Maritza
- Historical Context - Sarah
- Current Situation - Aaron
- Economic Effects - Camille

### Definition: What is the Natural Resource Crisis?

- Humans are over-using natural resources and this is said to be far worse than the current financial crisis
- Problem is getting worse as population and consumption rises
- Since 2005, biodiversity has declined by a third since 1970
- US and China alone account for more than two fifths of the planet's ecological footprint amounting to 21% each
- Natural resource crisis has led to severe weather and natural disasters.
  - In 2005, Hurricanes Katrina and Rita damaged offshore oil and natural gas rigs in the Gulf of Mexico

### Historical Context

- OPEC Oil Embargo – October 1973
  - May 1973 to June 1974 – price of gas rose 43%
  - September 1973 – February 1974 – daily use of petrol dropped 6%
- The Dust Bowl
  - Severely detrimental to farmers and soil in the Midwestern states
  - New Deal Agencies to Soil Conservation Service formed in 1935

### Current Situation

- Recent Decrease in price of oil
  - Why?
  - US Implications
  - World Implications

Source: Bloomberg

### Current Situation

Prices	2014	2015	2016	2017
WTI Crude Oil <sup>a</sup> (dollars per barrel)	93.17	49.67	34.80	41.58
Brent Crude Oil (dollars per barrel)	98.80	52.32	34.73	40.58
Gasoline <sup>b</sup> (dollars per gallon)	3.36	2.43	1.94	2.00
Diesel <sup>c</sup> (dollars per gallon)	3.83	2.71	2.11	2.33
Heating Oil <sup>d</sup> (dollars per gallon)	3.72	2.65	1.97	2.18
Natural Gas <sup>e</sup> (dollars per thousand cubic feet)	10.94	10.36	9.64	10.05
Electricity <sup>f</sup> (cents per kilowatt-hour)	12.52	12.67	12.61	12.91
Coal <sup>g</sup> (dollars per million Btu)	2.36	2.23	2.16	2.19

WTI, WTI & West Texas Intermediate crude oil; NYMEX values in the price previously posted to the New York Mercantile Exchange.

<sup>a</sup> West Texas Intermediate.  
<sup>b</sup> Average regular pump price.  
<sup>c</sup> Two-dignity class.  
<sup>d</sup> U.S. Residential average.  
<sup>e</sup> Electric power generation fuel cost.

## Current Situation

- Relationship to the Natural Resource Crisis
  - Oil and scarcity: facts
  - Oil prices and use
  - Possible future outcomes

## Economic Effects

- **Resource Curse** – Countries with an abundance of a single (or possibly several) non-renewable resource experience stagnant growth as they begin to focus all of their energy on a single industry.
- Examples:
  - "Dutch Disease" – occurred in the Netherlands following a large natural gas find
  - Africa

## Economic Effects

- Consequences:
  - Dependence
  - Instability
  - Corruption
  - Movement of skilled employees into one sector
  - Overvalued currency
  - Other industries suffer

## Economic Effects

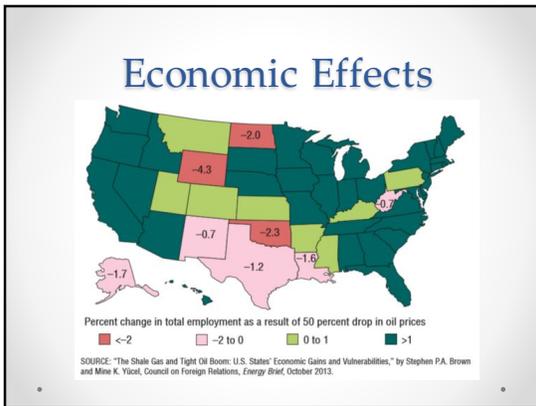
- How do Oil Price Trends affect our Economy?
  - U.S. oil production over time
  - Oil prices influence the costs of other industries
    - Supply chain
    - High costs of doing business
    - Low consumer prices

## Economic Effects

- How do Oil Price Trends affect our Economy?
  - Positive Effects
    - Decreases need for imports
    - Job growth
    - Increase in Investment
    - Increases diversity of economy

## Economic Effects

- How do Oil Price Trends affect our Economy?
  - Negative Effects
    - Environmental degradation
      - Destruction of capital (land)
    - Can affect domestic workers and industries



### Economic Effects Summary

- Where do we find balance?
  - Environment v. Energy
  - One in the same -- both can run out

### In Conclusion

- Definition
  - Humans are overusing the current amount of natural resources available to us
- Historical Context
  - Dust Bowl and OPEC Oil Embargo
- Current Situation
  - Oil prices recently have recently plummeted
  - Oil is a scarce natural resource, directly related to the natural resource crisis
- Economic Effects
  - Natural resource curse
  - Oil prices and our economic well-being

### Works Cited

- <http://ic.galegroup.com/ic/UHic/ReferenceDefaultPage/Docume/f/a/0/1/2/2/business/energy-environment/this-time-c-heaper-oil-tosses-the-for-the-us-economy.html?i=0>
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- <https://www.eia.gov/forecasts/steo/reports/prices.cfm>
- <https://www.eia.gov/forecasts/steo/reports/prices.cfm>
- <https://www.youtube.com/watch?v=2AAa0ad7CMw>
- <http://www.history.com/topics/dust-bowl>

### Thanks!