

ITRN 500-002 Approaches to International Commerce and Policy

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Fall 2006

Thursday, 7:20-10:00pm, Arlington Campus 251

Syllabus

ITRN 500 Approaches to International Commerce and Policy is the gateway course for the International Commerce and Policy program. Its purpose is to introduce students to key concepts, ideas, institutions, and issues that shape today's world and that recur throughout the program. In effect, the course deals with the nature and impact of globalization: economically, politically, socially, and culturally. The texts and the other assigned readings examine important political and economic developments and current global trends. The course devotes considerable attention to national strategies for economic growth, political stability, and overall security. Sessions include the role and relevance of the European Union, the transformation of Russia, the rise of China, and development (or lack thereof) in Africa. Class discussions focus on explaining why states choose particular strategies and on the impact and effectiveness of those strategies. Students are encouraged to draw general conclusions about the appropriateness of specific strategies under certain conditions. The course also looks at the role of non-state actors—varying from transnational corporations, to environmental and consumer lobbies, to supranational institutions—in the global system as well as concerns about global climate change and rapid technological innovation. In addition to acquainting students with key contemporary issues, the course seeks to develop students' analytical, writing, and presentational skills.

Joint Sessions with ITRN 500-004: A number of sessions throughout the semester will be conducted jointly with ITRN 500-004, which is Professor Mike Curtis's section of this course. These include the introductory session, the two guest presentations, the presentations by Professor Dinan on Ireland and the EU, the presentations by Professor Curtis on energy and climate change, and the session on corporate strategies and responses. All of the joint sessions will take place in Room 241.

Pedagogy: Students are expected to review carefully in advance the material assigned for each session and to discuss the important aspects of the readings in class. The instructor's role is to get the discussion started, assist the class in laying out the facts of a particular issue, pose questions, and help the class discover general principles running through the discussion that might be applicable in other situations.

Assessments and Weighting of Grades: Because of the highly interactive nature of the course, *20 percent* of a student's grade depends on participation, both formally in "great debates" or other specific contributions and informally through class discussion. *20*

percent of the grade is based on a take-home, mid-term exam. A further *30 percent* of the grade is based on the final exam, which will be in-house and open book, during the regularly-scheduled final exam period. The exams give students an opportunity to display mastery of the material covered in the class, particularly an ability to synthesize and analyze the cases and other readings. The remaining *30 percent* of the grade is awarded on the basis of three book reviews (10% per review), as outlined below.

Class Attendance: Because of the highly participatory nature of the course, class attendance is obligatory. Students who know that they may miss a class (e.g. due to business travel) should contact the instructor before that class. Students who miss a class because of an emergency should contact the instructor as soon as possible after that class. Students who miss a class must write a 1,000 word synopsis of the readings for that class.

Required Course Material: There are four required texts. These will be available in the Arlington Campus bookstore, located in the Original Building, and may also be acquired (often at a discount) on-line, through various vendors. In addition, students are required to read a number of articles and reports for each session (see below). In almost all cases, these are available on-line, either in the public domain or in proprietary databases to which the GMU library subscribes. The required books are:

Kemal Dervis, *A Better Globalization: Legitimacy, Governance, and Reform* (Washington: Center for Global Development, 2005)

Robert Calderisi, *The Trouble with Africa: Why Foreign Aid Isn't Working* (London: Palgrave Macmillan, 2006)

John Micklethwait and Adrian Wooldridge, *A Future Perfect: The Challenge and Promise of Globalization* (New York: Random House, 2003)

Gurcharan Das, *India Unbound: The Social and Economic Revolution from Independence to the Global Information Age* (Anchor Books, 2002)

Key Web Sites:

The syllabus draws on material from the following Web sites:

Carnegie Endowment for International Peace: www.carnegieendowment.org

Center for Global Development: www.cgdev.org

The Economist: www.economist.com

Economist Intelligence Unit: www.eiu.com

Heritage Foundation: www.heritage.org

World Bank: www.worldbank.org

Archive of European Integration, University of Pittsburgh: aei.pitt.edu

Writing: Good writing is essential for success in graduate school and professionally. The recommended writing style manual for this and other courses in the ICP program is Diana Hacker, *A Pocket Manual of Style*, latest edition (New York: Bedford/St. Martin's Press). See also the *Economist Style Guide* (on the *Economist* Web site). Students who need help

with their composition and writing style may contact the University Writing Center at <<http://writingcenter.gmu.edu>>.

Plagiarism: All work must be the student's own work. Plagiarism is an Honor Code violation (see <<http://www.gmu.edu/facstaff/handbook/aD.html>>. For information about proper referencing practice, see <<http://www.indiana.edu/~wts/wts/plagiarism.html>>.

Office Hours: Thursdays, 5:30-7:00pm and by appointment.

Session 1 (joint session with ITRN 500-004)

August 31, 2006

Introduction and Course Overview

Conducted by Professors Curtis and Dinan

Guest Presentation by Mr. LeRoy LaFleur, Arlington Campus Liaison Librarian for Public Policy, on library resources and research strategies

Readings:

Micklethwait and Wooldridge, *A Future Perfect*, Introduction and Parts One and Two

Session 2 (joint session with ITRN 500-004)

September 7, 2006

The European Union: Challenges and Opportunities (*conducted by Professor Dinan*)

The European Union is the oldest, largest, and most intensive regional political and economic organization. Its twenty-five member states span the continent and include some of the world's richest countries. Nevertheless the challenges of managing the Union and absorbing new members are increasingly difficult. This session explores the dynamics of European integration, focusing on a number of key topics, notably governance, economic modernization, and enlargement.

Readings:

Desmond Dinan, 'The European Integration Process,' from Hay and Menon, *European Politics* (Oxford: Oxford University Press, 2006) [This chapter will be e-mailed to students]

Laurent Cohen-Tanugi, 'The End of Europe?,' *Foreign Affairs*, November/December, 2005

John Hulsman and William L T Schirano, 'The EU is Dead,' *National Interest*, Fall 2005

David Phillips, 'Turkey's Dreams of Accession,' *Foreign Affairs*, September/October, 2004

Economist Intelligence Unit: Country Reports European Union, Turkey

Session 3 (joint session with ITRN 500-004)

September 14, 2006

I Great Debate: Turkey's candidacy for EU Membership

II Ireland: The Celtic Tiger (conducted by Professor Dinan)

Ireland, a small member state of the European Union, is one of the most dynamic and successful economies in the world. Until relatively recently, however, it was poor and marginalized. This session examines Ireland's efforts to modernize and reform in the late 1980s by grasping the opportunities presented by the acceleration of European

integration. The session demonstrates that states are essential international actors, and that a country's destiny depends to a great extent on government action and public policy.

Readings:

Sean Dorgan, 'How Ireland Became the Celtic Tiger,' Heritage Foundation
Backgrounder 1945

Rory O'Donnell, 'Ireland's Economic Transformation: Industrial Policy, European Integration and Social Partnership' (1998), European Integration Archive, University of Pittsburgh

Economist Intelligence Unit: Country Report Ireland

Session 4 (joint session with ITRN 500-004)

October 5, 2006

Indonesia: Triumphs and Failures of the International Finance System

Guest Presentation by Prof. Dale Gianturco, School of Public Policy, GMU

This session traces the development of Indonesia in the 1990s and thereafter, identifying the role of international finance in the transformation of this island nation from extreme poverty to relative prosperity, followed by economic collapse and a painful process of rebuilding. It focuses on the activities of aid organizations, multilateral development banks, export credit agencies, commercial banks, portfolio and foreign direct investors in producing and reacting to changes in the Indonesian economy.

Readings:

'Indonesia: Dimensions of Growth,' World Bank Report, May 7, 1996, pp. xxii-xxxii, 1-27

'Indonesia: Investing for Growth and Recovery,' World Bank Report, June 9, 2006, pp. i-vii, 1-11, 15-17, 22-23, 27-28

Economist Intelligence Unit: Country Report Indonesia

Session 5

September 28, 2006

India: Prospects and Pitfalls

India is the world's largest democracy and one of the world's most rapidly growing economies. A burgeoning middle class is fueling an economic boom locally and regionally. Yet India remains in urgent need of additional reform in order to sustain its current level of growth. This session explores the nature of India's recent road to prosperity and examines some of the pitfalls ahead.

[Note: Deadline to submit review of Das, *India Unbound*]

Student Presentations: Kashmir/Pakistan; the caste system

Readings:

Gurcharan Das, *India Unbound: The Social and Economic Revolution from Independence to the Global Information Age* (Anchor Books, 2002).

Shasti Tharoor, 'India Finds Its Calling,' *Foreign Policy*, March/April 2006

'India Outsmarts China,' *Foreign Policy*, January/February 2006

'The Rise of India,' special section in *Foreign Affairs*, July-August, 2006

- Ashton Carter, 'America's New Strategic Partner?'
- Raja Mohan, 'India and the Balance of Power'
- Sumit Ganguly, 'Will Kashmir Stop India's Rise?'

Economist Intelligence Unit: Country Report India

Session 6 (joint session with ITRN 500-004)

September 21, 2006

Understanding Economic Indicators

Guest Presentation by Dr. Thys van Schaik, School of Public Policy, GMU

Session 7

October 12, 2006

Russia: Adaptation and Transformation

The end of the Cold War and the triumph of capitalism sounded the death knell of central planning, the old communist system of economic organization, and with it the collapse of the Soviet Union. This session examines adaptation and transformation in Russia, which emerged out of the wreckage of the Soviet Union. How is Russia coping with the loss of empire? Is Russia democratic? Should it be? Is Russia integrating economically into the global system? Is it a source of stability or instability regionally and globally?

Student Presentations: Russia's demographic decline; Chechnya/terrorism

Readings:

Robert Cottrell, 'The Emperor Valdimir,' *New York Review of Books*, February 9, 2006

James Goldgeier and Michael McFaul, 'What to do About Russia,' *Policy Review*, October-November 2005

Dmitri Trenin, 'Russia: Back to the Future?,' statement prepared for a hearing before the U.S. Senate Foreign Relations Committee, June 28, 2006

Andrew Monaghan, 'Russia-EU Relations: An Emerging Energy Security Dilemma,' from the Web site of the Carnegie Endowment for International Peace.

Economist Intelligence Unit: Country Report Russia

Session 8

October 19, 2006

[Note: Deadline to submit Mid-Term Exam]

China: Sustainable Growth?

China is a rising economic superpower. No other country encapsulates more dramatically the benefits and the drawbacks of rapid growth and change. China again casts a big shadow over a region long dominated by Japan and increasingly influenced also by India. Can these three giants coexist and cooperate? Is economic and political integration an option? What are the prospects for regionalism in Asia? What are the consequences for the global economy of China's rise to power? Is China's resurgence sustainable—economically, socially, politically, and environmentally?

Student Presentations: looking forward to the Olympics; the Three Gorges Dam

Readings:

Dajin Peng, "Subregional economic zones and integration in East Asia," *Political Science Quarterly*, Winter 2002

Dan Steinbock, 'The Rise of the Chinese Multinationals,' *The National Interest*, September 15, 2005

Robert Skidelsky, 'The Chinese Shadow,' available at <http://skidelsky.com/index.php?id=2,71,0,0,1,0> (also published as a two part review essay in *The New York Review of Books* on November 17, 2005 and December 1, 2005)
Albert Keidel, 'Why China Won't Slow Down,' *Foreign Policy*, May-June 2006
Minxin Pei, 'China is Stagnating in its "Trapped Transition",' *Financial Times*, February 24, 2006
'China Rising,' a *Foreign Policy* Special Report, *Foreign Policy*, January/February, 2005
Economist Intelligence Unit: Country Report China

Session 9

October 26, 2006

Latin America: Lurching Ahead?

The countries of Latin America have struggled for decades with the legacy of European imperialism and the reality of U.S. domination. The United States is pushing a policy of regional integration in the Americas, first through NAFTA, then through the Free Trade Area of the Americas. Brazil, Latin America's largest economy, is particularly distrustful of the United States, and neighboring countries are wary of Brazil's claim to speak on behalf of Latin America. Democracy has a tenuous hold throughout the region, where the impact of globalization has been far from beneficial. The rise of Hugo Chavez in Venezuela highlights the lure of populism and the persistence of authoritarianism in a volatile region. This session examines current political and economic developments in Latin America and the prospects for regional integration.

Student Presentations: Bolivia/nationalization; Mercosur

Readings:

Alma Guillermoprieto, 'Don't Cry for Me, Venezuela,' *New York Review of Books*, October 5, 2005

Jorge Castaneda, 'Latin America's Left Turn,' *Foreign Affairs*, May/June 2006
Economist Intelligence Unit: Country Reports Argentina, Brazil, Venezuela

Session 10 (joint session with ITRN 500-004)

November 2, 2006

The Geopolitics of Energy (conducted by Professor Curtis)

The geopolitics and energy and related energy security was one of the topics that discussed by the group of eight highly industrialized countries (G8) at its meeting in St. Petersburg, Russia, in July 2006. The renewed interest on this subject is being driven in part by tight oil markets, high prices, the threat of terrorism, and the political instability in oil producing countries. The increasing control of national oil companies that exercise control over the world reserves of crude oil and natural gas has brought about new challenges to U.S. interests. This session will explore the structural shifts in global energy markets and potential implications for policy.

Student Presentations: Russia's natural gas; Iran's energy policy

Readings:

U.S. Department of Energy, Energy Information Administration, 2006. International Energy Outlook 2006, Chapter 1 "World Energy and Economic Outlook" and Chapter 3 "World Oil Markets." <http://www.eia.doe.gov/oiaf/ieo/index.html>

Leverett, Flynt, and Pierre Noel. "The New Axis of Oil," *The National Interest*, Summer 2006

Yergin, Daniel. "Ensuring Energy Security," *Foreign Affairs*, March/April 2006

Zweig, David, and Bi Jianhai. "China's Global Hunt for Energy," *Foreign Affairs*, Sept-October 2005

Session 11 (joint session with ITRN 500-004)

November 9, 2006

I Climate Change (conducted by Professor Curtis)

Global climate change caused by energy-related greenhouse gas emissions is a century-scale issue that will, in all probability, affect the composition and growth of global energy use. Climate change is also characterized by significant uncertainties about both the costs and benefits of mitigation. What is climate change, what causes it, what are the consequences, and what are some of the elements of an effective policy solution?

II Great Debate: The Kyoto Protocol

Readings:

To review the basics about climate change, see U.S. Environmental Protection Agency's global warming site: <http://yosemite.epa.gov/oar/globalwarming.nsf/content/index.html>

U.S. Department of Energy, Energy Information Administration (2006). International Energy Outlook 2006, Chapter 7: "Energy-Related Carbon Dioxide Emissions"

<http://www.eia.doe.gov/oiaf/ieo/index.html>

National Commission on Energy Policy. Ending the Energy Stalemate – A Bipartisan Strategy to Meet America's Energy Challenges, Chapter 2 "Reducing Risks from Climate Change," December 2004, pp. 19-29.

http://www.energycommission.org/files/contentFiles/report_noninteractive_44566feaabc5d.pdf

David Victor, 'Recovering Sustainable Development,' *Foreign Affairs*, January/February 2006

Session 12

November 16, 2006

[Note: Deadline to submit review of Calderisi, *The Trouble with Africa*]

Development: Focus on Africa

The process of globalization has emphasized or even accentuated the disparities between rich and poor countries; not reduced them. Africa stands out for its poverty and instability. Ravaged by HIV/AIDS, Africa seems mired in corruption, bad governance, economic exploitation, and pervasive hopelessness. This session looks at global development generally, with a particular focus on Africa. It explores topics such as aid and trade, debt relief, development effectiveness, the HIV/AIDS crisis, project finance, and the importance of good governance.

Student Presentations: debt relief; Zimbabwe

Readings:

Robert Calderisi, *The Trouble with Africa: Why Foreign Aid Isn't Working* (London: Palgrave Macmillan, 2006)

Amartya Sen, 'The Man Without a Plan,' *Foreign Affairs*, March/April 2006

'Global HIV/AIDS and the Developing World,' Center for Global Development Brief, June 15, 2006

Helen Epstein, 'The Lost Children of Aids,' *New York Review of Books*, November 3, 2005

Jeffrey Herbst, 'Mbeki's South Africa,' *Foreign Affairs*, November/December 2005
Economist Intelligence Unit: Country Reports Nigeria, Zimbabwe

[Note: Class will not meet on November 23 (Thanksgiving holiday)]

Session 13 (joint session with ITRN 500-004)

November 30

Corporate Strategies and Responses

Corporations, like countries, need to strategize in order to maximize the benefits of globalization. But globalization brings responsibilities as well as opportunities. To whom are corporations responsible: to their owners/shareholders, to their workers, to society? What happens when corporations alienate public opinion and lose government support? This session explores such issues through two great debates: one on Botnia's troubled investment in Uruguay; the other on Wal-Mart's economic impact and labor practices.

Readings:

Micklethwait and Wooldridge, *A Future Perfect*, Part Three

I *Great Debate: Botnia in Uruguay*

Readings:

"'Green' dispute means trouble for investors at Uruguay mills,' *Financial Times*, June 10, 2006

Economist Intelligence Unit: Country Report Uruguay

Economist Intelligence Unit: Country Report Argentina

II *Great Debate: What's Wrong With Wal-Mart?*

Readings:

Simon Head, 'Inside the Leviathan,' *The New York Review of Books*, December 16, 2004

'Working for Wal-Mart: An Exchange,' *The New York Review of Books*, April 28, 2005

Robert Litan, 'Attention Wal-Mart Executives,' *Foreign Policy*, November/December 2005

'Wal-Mart World,' *Foreign Policy*, January/February, 2006

Session 14

December 7, 2006

I Managing the Global System

[Note: Deadline to submit review of Dervis, *A Better Globalization*]

The global system is increasingly complex and fragile. How can it best be managed in view of rising insecurity and declining public and political support for the process of globalization? Does the United States have a special role and responsibility? Are U.S. economic policies and international initiatives enhancing or undermining stability among nations? This session looks especially at the impact of the United States on the global system and the implications for other countries of current U.S. politics and policies.

Readings:

Kemal Dervis, *A Better Globalization: Legitimacy, Governance, and Reform*
(Washington: Center for Global Development, 2005)

Micklethwait and Wooldridge, *A Future Perfect*, Parts 4-6

Readings:

Robert Skidelsky, 'Hot, Cold and Imperial,' *New York Review of Books*, July 13, 2006

John Gray, 'The Mirage of Empire,' *New York Review of Books*, January 12, 2006

David Levey and Stuart Brown, 'The Overstretch Myth,' *Foreign Affairs*, March/April 2005

II Conclusion and Review

Final Exam: December 14, 2006