

# INTL 102: Economics, Politics, and International Change

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# Reminders

**Office Hours:** Tuesdays 11-1, SSB 343.

Midterms handed back at the end of section today.

## Quiz Week Six

Across the board, people struggled to articulate the “significance” of terms on the midterm.

Please describe the *significance* of the following term, as if it was an exam. No need to define it. You may want to think about the following questions when crafting your answer: Why is it relevant to the course? What are the broader implications of this concept? How does it connect to other concepts we've discussed?

### Liquidationism

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- ▶ Along with these mass-produced conveniences, came the rise of vertically integrated corporations and industrialization
- ▶ This in turn, brought the rise of unions
- ▶ This enfranchised the working class, but simultaneously “crushed the continent’s (Europe’s) middle sectors, especially small businesses and farmers. These marginalized groups provided the mass base for the fascist movements that came to rule Europe as the interwar period ended” (172)

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- ▶ Connects governments' continued commitment to the Gold Standard with the lengthening/worsening of their depression
- ▶ Government-motivated (a la Keynesian economics) recovery could not begin until governments dropped off the Gold Standard and regained their ability to control monetary policy (interest rates)

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- ▶ Describes why and how, in the face of economic depression, some countries turned toward fascism, communism or dictatorship. Review for good case studies of Germany, USSR, and Latin America.

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- ▶ Shows that debtor countries all turned toward autarky, while lender countries turned toward social democracy.
- ▶ The protectionist/autarkic policies used in these countries led to quicker recoveries than social democracies, but also led to fascist control.

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- ▶ Review for good case studies of Western/Northern Europe and the US
- ▶ These countries managed their macro-economy through monetary policy, and provided social services and social insurance through fiscal policy
- ▶ This reflected Keynesian principles, but most countries didn't run as deep of a deficit as he recommended

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- ▶ Previous explanation: Classic pork-barrel politics/"reciprocal noninterference" (Schattsneider 1935)

# Key Concepts: Protectionism

Smoot-Hawley Tariff Act of 1930

“Beggar-thy-neighbor” trade policies

“Golden Fetters”

# Key Concepts: Great Depression

Pre-1929 Orthodoxy

Business Cycles

Countercyclical demand management

# Connections

What was the key determinant in countries' autarkic responses to the economic instability of the 1920s and 1930s?

Which type of countries experienced a movement towards social democracy?

How can we explain these differences in terms of domestic politics and institutions?

# Global Economy

How was the Great Depression different in developing countries, as opposed to developed countries?

How did the global lending market respond to developing countries' increased need for loans?



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- ▶ Prisoners' Dilemma Definition: mutual gains from cooperation, but personal incentives to defect

## Major Midterm Problems

According to Jeffrey Frieden, “The aggregate effects of freer trade may be positive, but its distributional impact divides groups and people into winners and losers” (*Global Capitalism*, p. 46). What is the underlying theoretical logic behind the claim that the *aggregate* (national) effects of freer trade are positive? Is there historical evidence from the first era of globalization to support this claim? What is the underlying theory behind the claim that freer trade has a *distributional* impact that divides people within nations into winners and losers? Is there historical evidence from the first era of globalization to support this claim? In the historical examples you cite, who were the winners and losers of freer trade and how did “institutions” shape the resolution of their distributional conflict over trade policy?

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- ▶ **Conflating Comparative Advantage and the Heckscher-Ohlin Theorem**
- ▶ **Poor or missing analysis of Institutions**

# Exam Incentive Program

We are offering encourages ALL students to prepare for the final exam. Students that improve upon their midterm grade by 15 points or more will have their final exam re-weighted by increasing the final's weight to 65% and reducing the midterm to 15% of the final course grade. Students that do not improve by 15 points on the final exam, and students that earned 85 points or more on the midterm, will not have their exams re-weighted. Eligibility is thus dependent on students' performance on BOTH the midterm and the final exams. There is no guarantee that students that did poorly on the midterm will earn the incentive, and there is no penalty or discrimination imposed upon high-performing students that did very well on the midterm.

# Grade Dispute Procedure

If you feel an error was made in the grading of your exam, you must follow this procedure:

1. Prepare a written statement detailing the reasons why you think you received the wrong grade.
2. Submit the statement to your TA (me) and schedule an appointment to discuss your exam.
3. If you are still unsatisfied with your grade after meeting with me, bring your exam to the professor.
4. Professor Broz will read your exam and give it a new grade—which might be higher or lower than your original grade. This is the final grade you will receive on the exam.