

SPI 571C: Political Risk Analysis
Fall 2020
Prof. Layna Mosley

Course meetings: Wednesdays, 1:30-4:30pm
Course format: Synchronous Online

Contact Information:

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Course Overview: This course explores the impact of international and national political institutions, as well as political events, on firms' and investors' strategies and decisions. Political institutions, including trade and investment agreements; democratic or non-democratic governance structures; and national labor and environmental regulations affect business strategy decisions. Political events, especially elections as well as mass protest and demonstrations, also can heighten political risk.

In this course, we draw on academic research to consider how business leaders assess risk at the firm- and country-level, and to evaluate how governments that want to attract or retain investment seek to ameliorate political risk. We also consider strategic interaction between governments and economic actors: firms and governments each attempt to anticipate how the other will act, given the rules of the game as well as the interests at stake. We approach these issues via the lens of case studies of specific events, firms and countries. These cases allow us to draw out broader lessons, as well as to appreciate how social scientists have evaluated the links between political institutions and economic exchange.

The primary pedagogical approach to this class will be the **case method**, where we will read in detail about specific business experiences with different facets of political risk. Although the case method is used in business and law schools, it is less often used in public policy courses. A case-based approach focuses on key problems and decisions that define a country's or a firm's experience. Additional readings supplement the case studies; they offer broader theoretical and empirical context of the different country and issue experiences this course covers. *The first reading of the course describes how students can best take advantage of the case method.*

Each week, we will focus our class discussion on one or two cases, which serve to illustrate strategic interactions between firms and national governments (as well as international organizations, non-governmental actors and other stakeholders). The assigned readings for each week also include social science articles offering a more theoretically-focused analysis of the phenomena under discussion. We will use these readings to place the lessons from each case in a broader context, as well as to consider how the dynamics illustrated by a specific case might vary across countries and over time. In reading the non-case articles, you may find it most useful to focus on what the author's main theoretical or causal argument is, as well as on the evidence they use to test that argument. Finally, some weeks also include an article that is more policy-oriented but, again, focused on the broader trends or issues illustrated by that week's case(s).

In preparing for class, you may find it most useful to begin by reading the cases, with a focus on the discussion questions I provide. For weeks with two cases assigned, the cases are listed on the syllabus in the order in which we will discuss them. After reading and considering the cases, move on to reading the other assigned pieces. These other pieces typically are listed in alphabetical order, by the authors' last name; where the listing departs from alphabetical, the pieces are in the suggested reading order.

About the Instructor: Layna Mosley is Professor in School of Public and International Affairs, as well as in the Department of Politics. Mosley's research addresses international and comparative political economy. Her first book, *Global Capital and National Governments* (2003), examines the politics of sovereign debt; her second book, *Labor Rights and Multinational Production* (2011) explores the consequences of economic globalization for workers' rights in developing countries. Mosley's current research concerns the politics of sovereign debt and borrowing; the effects of multinational production and global supply chains on worker rights; and the governance of international financial markets. Mosley was a first-generation college student at Rollins College; she earned her Ph.D. from Duke University. Mosley joined the faculty at Princeton University in 2020, after spending 16 years on the faculty at the University of North Carolina at Chapel Hill and five years on the faculty at the University of Notre Dame.

Course Requirements, Expectations and Grading: The case-based method relies on students' active engagement with the case material, in terms of reading all the assigned materials carefully prior to the class meeting and arriving prepared to discuss the material before each meeting. To reflect this, **participation in class discussion** accounts for 25 percent of the final course grade. I will provide mid-semester participation grades in October, so that students will have a sense of their participation performance.

All students are expected to engage in, and remain engaged in throughout the class meeting, our discussions. I will lead our discussion through the cases for each week, and I will expect every student to be ready to provide details of our cases. The week prior to each class meeting, I will post some overall questions, which may help as you read and take notes.

Once we have discussed the cases, we will turn our discussion to the broader issues they raise. The non-case readings for each week are intended to address these issues – how, for instance, does the presence of investor-state dispute settlement change the dynamics between firms and host country governments? Or what do we know about the broader patterns in terms of governments' ability to borrow from private investors? The authors of the non-case readings typically make a theoretical and/or causal argument; in many cases, they also test their claims empirically. Our conversations will focus more on the theoretical and causal claims than on the empirical results; while you should read the empirical material, we will probably worry less about (for instance) how scholars operationalize each variable is operationalized, or which statistical modeling choices they make.

Please keep in mind that our classroom meeting environment – whether that environment is in-person or virtual – should be one that is professional and inclusive. This means that, while we may disagree on questions of policy or have different interpretations of events and arguments, we treat each other respectfully. To the extent that we take issue with someone's argument, we focus our criticism on specific claims and logic, rather than on an individual. We also are mindful that good discussion involves both listening and speaking; we are careful not to interrupt or talk over one another, as well as to be sure that all have an opportunity to participate. In the realm of virtual meetings, all participants are expected to (a) mute their audio on arrival to the call, and to keep audio off unless speaking (this cuts down on background noise); (b) keep video on throughout the call; (c) if using a virtual

background, ensure that the background is professional in nature and not distracting to others (as most video backgrounds are, for instance).

Over the course of the semester, you are asked to write a total of **four memos**, each focused on a specific assigned case and addressed to a policymaker/actor relevant to that case. (See “memo assignment” under each case on the syllabus, beginning September 9). Each memo should be between 850 and 1000 words in length. Memos are due (via Canvas) by 4pm Tuesday on the day prior to our class meeting. The first memo counts for 10 percent of the final course grade; remaining memos account for 12.5 percent of the course grade. You may choose for which weeks and cases you would like to write these four memos, with the following parameters:

- Late memo submissions are not accepted.
- Your first memo should be written no later than for the September 30 cases. (The idea here is that it’s good to get some feedback relatively early in the semester, and to resist the temptation to save your work until late in the term).
- You may write only one memo per week, even though there typically are two cases (and two memo prompts) each week.
- You do not need to inform me in advance of the weeks or cases for which you plan to write memos.

I will provide more guidance on the memo assignment in a separate document. In general, though, your memo should be based on the facts available **at the time** the case occurs. If, for instance, you’re writing about Vietnam’s development strategy in 2002, you ought not to discuss (or reason based on) the U.S. withdrawal from the Transpacific Trade Partnership in 2017. Or, if you’re deciding whether Malaysia should ratify CP-TPP in 2019, you should not consider what happened to global and Asian trade in 2020. Rather, write as if you are in the moment of the case and decision, using the facts available to a policymaker or manager at that point in time.

You also will be asked to **write an Op-Ed**, worth 7.5 percent of the final course grade, focused on political risk and on an ongoing policy debate (to be specified later in the semester). This op-ed will be between 650-800 words long, and it should be written for an audience that is interested in public policy and attentive to global politics, but without expertise on the specific issue at hand. This assignment is due, again via Canvas, on **October 26**.

The final course assignment is a longer memo (1500-1800 words) focusing on the strategic interaction between government(s) and business, and identifying the ways in which political institutions and events serve as sources of, or reassurance regarding, political risk. This assignment is due on **December 8**. This memo should focus on a single case, much like many of the cases above. You may address your final memo to an actor or set of actors of your choice (depending on the case, this might be one or more national government officials; staff of an intergovernmental organization; or a firm or industry association). Professor Mosley will provide a list of possible final cases by November 11. You should indicate (via email) no later than November 18 which case you’d like to analyze, so that case materials can be provided to you. Alternatively, if you would like to focus your memo on a different case – whether there is a formal “case” write-up in existence or not – you should share details of your chosen case with Professor Mosley by November 18.

Summary of course grading components:

Class participation	25%	[all semester]
Case Memo 1	10%	[first one by 9/29, for 9/30 cases]
Case Memo 2	12.5%	[student choice]
Case Memo 3	12.5%	[student choice]
Case Memo 4	12.5%	[student choice]
Op Ed	7.5%	[October 26]
Final Case Analysis	20%	[December 8]

Please note that our September 2 meeting will be a full class meeting, with a substantive discussion. Please read the assigned materials prior to that day's meeting!

Schedule of Topics and Reading Assignments

September 2: Introduction to the Course and the Case Method; COVID-19 and Contemporary Globalization

- **Overview:** Laurie George Busuttill and Susan J. Van Weelden. 2018. "Student Guide to the Case Method." Harvard Business School Publishing. Notes 1, 2 and 3 (pp. 1-21).
- **Case:** Alberto F. Cavallo and Christian Godwin. 2020. "The Coronavirus (COVID-19) Pandemic and the Global Economy (A)." Harvard Business School Case 720031-PDF-ENG (33 pages).
- Vincent Arel-Bundock, Clint Peinhardt, and Amy Pond. 2019. "[Political Risk Insurance: A New Firm-Level Dataset.](#)" *Journal of Conflict Resolution* 64(5): 987-1006.
- The Economist. [Special Report on Global Supply Chains](#), July 11, 2019. (9 pp.).
- Henry Farrell and Abraham Newman. 2020. "[This is What the Future of Globalization Will Look Like.](#)" *Foreign Policy*, July 4. (5 pp).
- Witold Henisz. 2000. "The Institutional Environmental for Economic Growth." *Economics & Politics* 12(1): 1-31.

September 9: International Trade Agreements and Trade Institutions

- **Case:** Roy Nelson. 2013. "Brazil vs. the U.S. at the WTO: The U.S.-Brazil Cotton Subsidy Dispute." Thunderbird School of Global Management Case TB0347-PDF-ENG (7 pp).
 - **Memo assignment: to members of U.S. Congress**, in the context of their consideration of agricultural subsidies and policies. Given the WTO's ruling on U.S. cotton subsidies, as well as the Brazilian government's threats of WTO-approved retaliatory tariffs, should Congress act to maintain, revise or eliminate support to U.S.

cotton farmers?

- **Case:** Nikhar Gaikwad, Kenneth Scheve and Elizabeth van Liesbout. 2019. “Ratification Politics and Preferential Trade Agreements: Malaysia and the CPTPP.” Stanford Graduate School of Business Case P99-PDF-ENG. (36 pp).
 - **Memo assignment: to Malaysian Prime Minister Mahathir**, what position should his administration take – domestically as well as internationally – on the CPTPP agreement? Ought the government to ratify it in its current form, advocate for modifications/renegotiation, or abandon participation in the agreement entirely?
- For background on the World Trade Organization’s operations, see [“The WTO in Brief.”](#) as well as [more detailed information](#) from the WTO. (12 pp.).
- Edward D. Mansfield, Helen V. Milner and B. Peter Rosendorff. 2002. “Why Democracies Cooperate More: Electoral Control and International Trade Agreements.” *International Organization* 56(3): 477-513.
- B. Peter Rosendorff and Helen V. Milner. 2001. “The Optimal Design of International Trade Institutions: Uncertainty and Escape.” *International Organization* 55(4): 829-857.
- **Optional:** for deeper historical background on the GATT (the WTO’s predecessor), listen to Episode 9 of the [Trade Talks podcast](#). (Link to [entire series](#), now with 140+ episodes).

September 16: Supply Chains, Trade and Development

- **Case:** Simon Brodeur and Ari Van Assche. 2014. “Nike versus New Balance: Trade Policy in a World of Global Value Chains. HEC Montreal Centre for Case Studies, Case HEC087-PDF-ENG (16 pp).
 - **Memo assignment: to US Trade Representative Michael Froman**, what should the U.S. government position be regarding the reduction or elimination of tariffs on imported footwear? If the TPP removes these barriers, what might be done otherwise to compensate some U.S. manufacturers? If the U.S. government insists on maintaining these tariffs, how might the TPP process be affected?
- **Case:** Regina Abrami, 2005. “Delta Blues: U.S.-Vietnam Catfish Trade Dispute.” Harvard Business School Cases 706003-PDF-ENG (A case, 26 pp.) and 706006-PDF-ENG (B case, 11 pp.)
 - **Memo assignment: to the Minister for Planning and Investment, Government of Vietnam.** Given the way the U.S. government evaluated the catfish dumping petition in 2002, how ought Vietnam to structure its economic interactions with the United States? Ought Vietnam to change its development priorities and policies? Should Vietnam seek further economic integration, including WTO membership? Should it diversify the set of countries to which it exports, or the set of industries supported by the Ministry?
- Congressional Research Service. 2020. [“Trade Remedies: Anti-Dumping.”](#) March 2020 (24 pp).

- Allison Carnegie. 2014. [“States Held Hostage: Political Hold-Up Problems and the Effects of International Institutions.”](#) *American Political Science Review*, 108(1): 54-70.
- Iain Osgood. 2018. [“Globalizing the Supply Chain: Firm and Industrial Support for US Trade Agreements.”](#) *International Organization* 72(2): 455-484.

September 23: Trade, Investment and National Security

- **Case:** Meg Rithmire and Yihao Li. 2019. “Lattice Semiconductor and the Future of Chinese High-Tech Acquisitions in the United States.” Harvard Business School Case 719059-PDF-ENG (41 pp).
 - **Memo assignment: to your/any member of the U.S. Congress**, on whether to approve FIRMMA and ECRA legislation. To what extent and in what ways did the previous CFIUS process require revision and expansion? To what extent did the increase in outbound investment from China necessitate changes in the U.S. process? Might CFIUS also consider, as the original reform proposal did, an assessment of outbound U.S. foreign investments and overseas joint ventures?
- **Case:** Douglas Webber, Barthon de Montbas Alexandre, Liakhov Konstantin, Parikh Nihir, Wirz Benoit and Zakaria Zuwairi. 2013. “Dubai Ports World in the USA.” INSEAD Cases INS907-PDF-ENG (A case, 11 pp.), INS908-PDF-ENG (B case, 3 pp.), INS909-PDF-ENG (C case, 3 pp).
 - **Memo assignment: to Mohammed Sharah, CEO of Dubai Ports World.** It’s autumn 2005, and DP World is considering the acquisition of ports operator P&O. What is the likelihood that this acquisition will prove problematic as a result of the U.S. government’s reaction? (Put differently, ought DP World have anticipated the eventual outcome of this effort? Or did they have good reason to expect that the deal would succeed?)
- Henry Farrell and Abraham L. Newman. 2019. [“Weaponized Interdependence: How Global Economic Networks Shape State Coercion.”](#) *International Security* 44(1): 42-79.
- Sarah Bauerle Danzman. 2020. “Investment Screening in the Shadow of Weaponized Interdependence.” Prepared for inclusion in *Weaponized Interdependence*, edited by Daniel Drezner, Henry Farrell, and Abe Newman (draft manuscript, 21 pp).
- **[Background on CFIUS]** Congressional Research Service. 2020. [“The Committee on Foreign Investment in the United States \(CFIUS\).”](#) Updated February 14. (41 pp).
- **Optional:** you also may find it interesting to watch [“Closing the Deal: National Security and Investment Scrutiny.”](#) a July 2020 simulation from Center for a New American Security (CNAS), which addresses a hypothetical transaction. *(If you watch, note that, while the simulation suggests otherwise, CFIUS is not allowed to impose mitigation terms on activities that occur outside of the U.S. And because of confidentiality rules, US government personnel cannot divulge any information about filings to non-government actors, which means that they could not use diplomatic channels to discuss the filing with South*

Korea).

September 30: Multinational Corporations, Property Rights and Political Regimes

- **Case:** Jeffrey Bell, Christine Dinh-Tan, Philip Purnama and Debora L. Spar. 1997. “Busang: River of Gold.” Harvard Business School Cases 798002-PDF-ENG (A case, 24 pp) and 798003-PDF-ENG (B case, 2pp).
 - **Memo Assignment: to David Walsh (Bre-X)**, on what actions he should take to get Bre-X out of their very difficult situation in Indonesia: as a small company in need of a Contract of Work, and given the domestic political institutions and players in Indonesia, what is Bre-X’s best course of action to realize its potential in Busang?
- **Case:** Dante Roscini, Michael Shih-ta Chen and Keith Chi-ho Wong. 2013. “Asia Optical: The Myanmar Decision.” Harvard Business School Case 714026-PDF-ENG (34 pp).
 - **Memo Assignment to Robert Lai, Chairman of Asia Optical**, on your assessment of the political and/or economic risks associated with expanding production (via a second factory) in Myanmar (Burma) in 2012. You might discuss, among other things, domestic laws related to foreign investment; labor costs and worker rights; and changes that could be expected to result from the 2015 election.
- Quentin H. Beazer and Daniel J. Blake. 2018. [“The Conditional Nature of Political Risk: How Institutions Influence the Location of Foreign Direct Investment.”](#) *American Journal of Political Science* 62(2): 470-485.
- Nathan M. Jensen and Edmund J. Malesky. 2018. [“Non-State Actors and Compliance with International Agreements: An Empirical Analysis of the OECD Anti-Bribery Convention.”](#) *International Organization* 72(1): 33-69.
- Boliang Zhu and Weiyi Shi. 2019. [“Greasing the Wheels of Commerce? Corruption and Foreign Investment.”](#) *The Journal of Politics* 81(4): 1311-1327.

October 7: Supply Chains, Corporate Social Responsibility and Worker Rights

- **Case:** John A. Quelch and Margaret Rodriguez. 2016. “Rana Plaza: Workplace Safety in Bangladesh.” Harvard Business School Cases 514034-PDF-ENG (A case), 514035-PDF-ENG (B case) and 516014-PDF-ENG (C case). (31 pp).
 - **Memo Assignment: to the CEO of Benetton** (headquartered in Italy, and one of 29 global brands that had recent or current orders from one or more of the five companies based at Rana Plaza), outlining whether the firm should source from suppliers outside Bangladesh; continue to source in Bangladesh; and/or participate in private sector governance initiatives within and/or beyond Bangladesh.
- **Case:** Rawi Abdelal, Regina Abrami, Noel Maurer and Aldo Musacchio. 2006. “Market and the Mountain Kingdom: Change in Lesotho’s Textile Industry.” Harvard Business School Case 706043-PDF-ENG. (26 pp).

- **Memo Assignment: to Bethuel Pakalitha Mosisili, Prime Minister of Lesotho.** In 2005, what is Lesotho's best strategy for economic development? What opportunities for diversification should the government pursue? What is the best way to address the expiration of trade preferences (ATC as well as AGOA), and the need for domestic sourcing to ensure duty-free access to key export markets? How might the government use its relatively "labor friendly" environment to gain export advantages?
- Jeremy Blasi. 2020. ["The Political Economy of Private and Public Regulation in Post-Rana Plaza Bangladesh."](#) *ILR Review* 73(4): 969-994.
- Greg Distelhorst and Richard M. Locke. ["Does Compliance Pay?"](#) *American Journal of Political Science* 62(3): 695-711.
- Edmund Malesky and Layna Mosley. 2018. ["Chains of Love? Global Production and the Firm-Level Diffusion of Labor Standards."](#) *American Journal of Political Science* 62: 712-728.

October 14 Sovereign Borrowing and Sovereign Default

- **Case:** Aldo Musacchio. 2008. "Iceland." Harvard Business School Cases 709011-PDF-ENG (A case, 24 pp.) and 709012-PDF-ENG (B case, "Redefining AAA-Rated Sovereigns," 5 pp.)
 - **Memo assignment: to Moody's Investor Service,** regarding the potential ratings downgrade for Iceland. Based on what you know in May 2008 about Iceland's economy as well as the amount and structure of its government debt, do you recommend a downgrade of its AAA sovereign rating and why? You also might consider the consequences of your decision, both for Iceland's economy and citizens, as well as for professional investors who use your ratings products.
- **Case:** Rafael Di Tella and Ingrid Vogel. 2003. "2001 Crisis in Argentina: An IMF-Sponsored Default?" Harvard Business School Cases 704004-PDF-ENG (A case, 20 pp.) and 704021-PDF-ENG (B case, 11 pp.)
 - **Memo assignment: to President-Elect Nestor Kirchner, in May 2003:** to what extent did President Duhalde worsen Argentina's situation through the policy decisions he made? What other responses might have been appropriate in early 2002, and might now be appropriate for the incoming Kirchner government?
- Cameron Ballard-Rosa, Layna Mosley and Rachel Wellhausen. 2020. ["Contingent Advantage? Sovereign Borrowing, Democratic Institutions and Global Capital Cycles."](#) *British Journal of Political Science* (21 pp).
- Andreas Kruck. 2016. ["Resilient Blunderers: Credit Rating Fiascos and Rating Agencies' Institutionalized Status as Private Authorities."](#) *Journal of European Public Policy* 23(5): 753-770.
- Carmen Reinhart and Kenneth Rogoff. 2011. ["From Financial Crash to Debt Crisis."](#) *The American Economic Review* 101(5): 1676-1706.
- Michael Tomz and Mark L. G. Wright. 2013. ["Empirical Research on Sovereign Debt and](#)

[Default.](#) *Annual Review of Economics* 5: 247-272.

October 21 Sovereign Default and International Financial Institutions

- **Case:** Laura Alfaro and Ingrid Vogel. 2006. “Creditor Activism in Sovereign Debt: ‘Vulture’ Tactics or Market Backbone?” Harvard Business School Cases 706057-PDF-ENG (A case, 26 pp.) and Case 715017-PDF-ENG (B case, 12 pp).
 - **Memo assignment: to [the Group of 20 Finance Ministers](#)** with a proposal on how best to address sovereign debt restructurings and defaults. Given the practices of holdout creditors (such as Elliott Associates) and courts’ rulings related to their claims, is there a more orderly or fair way to address situations in which a government defaults (or wants to default) on its debt?
- **Case:** Kristin Mugford, Seema Amble, Tian Feng. 2017. “Restructuring Ukraine.” Harvard Business School Case 217049-PDF-ENG (37 pp).
 - **Memo assignment: to Natalie Jaresko**, Finance Minister of Ukraine, regarding her June 2015 meeting with the creditors’ committee. Should Jaresko continue to insist on a 40 percent haircut for bondholders, or take another course of action (which might include reneging on the IMF plan; defaulting outright; or reducing the size of the haircut/increasing the amount of repayment, among other things)?
- Cameron Ballard-Rosa. 2016. [“Hungry for Change: Urban Bias and Autocratic Sovereign Default.”](#) *International Organization* 70(2): 313-346.
- Mark Copelovitch. 2010. [“Master or Servant? Common Agency and the Political Economy of IMF Lending.”](#) *International Studies Quarterly* 54(1): 49-77.
- Barry Eichengreen and Ngairé Woods. 2016. [“The IMF's Unmet Challenges.”](#) *Journal of Economic Perspectives* 30(1): 29-52.

Note that Op-Ed assignment is due October 26.

October 28 Development Strategies and Financing

- **Case:** Rafael Di Tella, Vincent Pons, Sarah Mehta and David Lane. 2018. “Goodbye IMF Conditions, Hello Chinese Capital: Zambia’s Copper Industry and Africa’s Break with Its Colonial Past.” Harvard Business School Case 717034-PDF-ENG. (37 pp).
 - **Memo assignment: to [Zambian President Edgar Lungu](#)**, in 2016, regarding a strategy for accessing foreign financing, in light of Zambia’s economic state as well as its credit ratings downgrade. Should Zambia orient its trade, aid and investment efforts toward China? Should it instead seek financing from the International Monetary Fund and/or World Bank? Should Zambia appear to traditional western donor countries (collectively represented by the OECD DAC)? Or would private market financing be a better choice?

- **Case:** Meg Rithmire and Yihao Li. 2019. “Chinese Infrastructure Investments in Sri Lanka: A Pearl or a Teardrop on the Belt and Road?” Harvard Business School Case 719046-PDF-ENG (34 pp).
 - **Memo assignment: to the authors of a 2019 Lowy Institute [report](#), arguing that China has not engaged in “debt trap diplomacy.”** To what extent does the Hambantota Port project, as well as its renegotiation, call into question the motives and operation of China’s Belt and Road Initiative? Does BRI reduce borrowing governments’ sovereignty, or make it more difficult for voters and opposition parties in borrowing countries to hold their national governments accountable?
- Milan Babic, Javier Garcia-Bernardo, and Eelke M. Heemskerk “The Rise of Transnational State Capital: State-led Foreign Investment in the 21st Century,” *Review of International Political Economy*. 2020 27(3): 433-475.
- Sebastian Horn, Carmen Reinhart, and Christoph Trebesch. 2020. [“China’s Overseas Lending and the Looming Developing Country Debt Crisis.”](#) VoxEU/CEPR. (Article contains links to academic papers with underlying data, if you’re interested in learning more).
- Jennifer Tobin and Desha Girod. 2016. [“Take the Money and Run: The Determinants of Compliance with Aid Agreements.”](#) *International Organization* 70(1): 209-239.
- Dani Rodrik, Arvind Subramanian and Francesco Trebbi. 2004. [“Institutions Rule: The Primary of Institutions over Geography and Integration in Economic Development.”](#) *Journal of Economic Growth* 9: 131-165.

November 4 Investor-State Dispute Settlements, Government Instability

- **Case:** Patrick Cronin, 2002. “Metalclad in Mexico.” Thunderbird Case Studies TB0163-PDF-ENG (A, 17 pp.) and TB0165-PDF-ENG (B case, 8 pp.)
 - **Memo assignment: to the executives of Metalclad, evaluating the NAFTA dispute settlement panel’s 2000 revised ruling.** Discuss the merits of the tribunal’s revised findings – that an expropriation occurred, but that “fair and equitable treatment” was not violated – given the case details of Metalclad’s experience in Mexico. Although Metalclad had by this point left Mexico, ought it to appeal the finding? On what grounds?
- **Case:** Dante Roscini and G.A. Donovan. 2013. “Viva Macau.” Harvard Business School Cases 714024-PDF-ENG (A, 26 pp.) and 714025-PDF-ENG (B, 4 pp).
 - **Memo assignment: to Reg Macdonald, the CEO of Viva Macau.** How and in what way should he engage with political actors – which might include the government of Macau, the mainland Chinese government and the U.S. government, among others – to address the refueling crisis? (Implicit in this is the question of what, if anything, MKW ought to have done differently to address political risk prior to April 2010).

- Adam Chilton. 2016. [“The Political Motivations of the United States’ Bilateral Investment Treaty Program.”](#) *Review of International Political Economy* 23(4): 614-642.
- Florence Dafe and Zoe Williams. 2020. [“Banking on Courts: Financialization and the Rise of Third-Party Funding in Investment Arbitration.”](#) *Review of International Political Economy*, pp. 1-23.
- Krzysztof J. Pelc. 2017. [“What Explains the Low Success Rate of Investor-State Disputes?”](#) *International Organization* 71(3): 559-583.
- Rachel L. Wellhausen. 2015. [“Investor-State Disputes: When Can Governments Break Contracts?”](#) *Journal of Conflict Resolution* 59: 239-261.

November 11: Reconsidering Integration? The European Union in the 2010s

- **Case:** Yiorgos Allayannis and Adam Risell. 2011. “The Euro Zone and the Sovereign Debt Crisis.” Darden School of Business Case UV5652-PDF-ENG (28 pp).
 - **Memo assignment: to the Economics and Finance Ministers (ECOFIN) of the European Union member countries, in 1997:** On January 1, 1998, EU countries that qualify for EMU will adopt the euro, as well as have their monetary policy set by the European Central Bank. Suggest measures that ECOFIN could take, or policy changes it could suggest, in the late 1990s to reduce the possibility of a future debt crisis (akin to what occurs in Greece and other ‘Club Med’ countries in 2009-2011).
- **Case:** Nikhar Gaikwad, Kenneth Scheve and Jason Weinreb. 2015. “To Grexit or Not? Politics and Greece’s Sovereign Debt Crisis.” Stanford Graduate School of Business Case P88-PDF-ENG (35 pp).
 - **Memo assignment: to Prime Minister Samaras of Greece,** on whether and why he should accept the bailout plan being offered by the “troika” (European Commission, European Central Bank, International Monetary Fund). (This topic and the issues it raises aligns with the “decision point” summarized on p. 17 of the case).
- Katherine de Vries and Kathleen R. McNamara. 2018. [“How Choice Can Save Europe: the EU needs Less Technocracy and More Democracy.”](#) *Foreign Affairs*.
- Jeffrey Frieden and Stefanie Walter. 2017. [“Understanding the Political Economy of the Eurozone Crisis.”](#) *Annual Review of Political Science* 20: 371-390.
- Matthias Matthijs. 2020. [“The Right Way to Fix the EU: Put Politics Before Economics.”](#) *Foreign Affairs* May/June (9 pp).

November 18: The Anti-Globalization Backlash and the Future of the Global Economy

- **Case:** Rawi Abdelal, Dante Roscini and Elena Corsi. 2018. “Populism and Sovereign Debt: The Rise of Italy’s Electoral ‘Tsunami.’” Harvard Business School Case 719042-PDF-ENG (50 pp.)

- **Memo assignment: to Italy's traditional (non-populist, center-right and center-left) political parties.** To what extent should the traditional (non-populist) political parties in Italy revise their platforms in light of the 2018 election results? Specifically, ought they to continue to support membership in the European Union, as well as the EU's fiscal rules, as part of their overall policy platforms? To what extent did the strong electoral performance of the Five Star movement and the League suggest that Italian voters were increasingly skeptical of economic liberalization and integration?
- **Case:** Hong Zhang, Shah Gourang and Anne Yang. 2014. "The Globalization of the Renminbi: Feeling the Stones on the River Bed." INSEAD Case INS674-PDF-ENG (15 pp).
 - **Memo assignment: to Chinese President Xi Jinping, in 2014.** Should China's government move to allow greater convertibility, as well as full floating, of the renminbi? What is the balance between the benefits and costs associated with this shift toward full convertibility?
- J. Lawrence Broz, Jeffrey Frieden and Stephen Weymouth. 2020. ["Populism in Place: The Economic Geography of the Globalization Backlash."](#) *International Organization* (forthcoming).
- Italo Colatone and Piero Stanig. 2018. ["The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe."](#) *American Journal of Political Science* 62: 936-953.
- Stephen Liao and Daniel McDowell. 2016. ["No Reservations: International Order and Demand for the Renminbi as a Reserve Currency."](#) *International Studies Quarterly* 60(2): 272-293.
- **Optional: you also might be interested in reading** Dani Rodrik. 2020. ["Why Does Globalization Fuel Populism? Economics, Culture and the Rise of Right-Wing Populism."](#) Working Paper, June 2020. (47 pp).

