

Style Guide for POLI315 International Relations in Spring 2022

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Contents

Preface

The exams will evaluate student's knowledge of key concepts discussed in class. The midterm exam will cover material from classes between January 13th and March 3rd, while the final exam will cover material from classes between March 22nd and April 21st.

Final Description

Date and Time

Thursday, April 28th from 4:00 pm to 5:15 pm

Items

Final will consist of multiple choice questions, true/false questions, and a short answers.

Make-up

Makeup final exams will be allowed only with pre-approval of the instructor or with an acceptable, documented reason. Acceptable reasons for makeup exams include severe illness, family emergencies or other unavoidable events including dangerous weather conditions and car accidents. Exam format for makeup exams may be different from the original exam and will likely utilize a short answer format. An oral examination may also be utilized if deemed appropriate by the instructor.

Final Format

SPRING 2022 POLI315 Final			
Type	Number	Point for individual question (pt)	Sum (pt)
Multiple Choices	15	3	45
T/F	15	3	45
Short Essay	1	10	10

Total	31	100
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As the Final is worth of 25% in final grades, I will calculate the score of Final as $0.25 \times \text{Final points}$. For example, if you obtain 80 pts in the final, it will be 20 pts in your final grades.

How to study

Remember our course objectives:

- As a result of the class, students will be able to:
 - have some basic knowledge of the definition of international relations and the different approaches to studying international relations.
 - identify and describe dominant topics and concepts related to international relations.
 - obtain a comprehensive understanding of international relations.
 - sharpen research and critical thinking skills.
- Thus, students should:
 - know basic concepts to understand the topics in international relations.
 - know existing theories to explain the phenomenon in which scholars in international relations are interested.
 - be able to apply the existing theories to different contexts.

Chapter 1

International Laws & Intergovernmental Organizations

1.1 International Cooperation and Laws

1.1.1 International cooperation

Actors mutually adjust their behavior to accommodate the actual or anticipated preferences of others in the pursuit of common goals. Their preferences are not identical and irreconcilable. International cooperation exists when states adopt behavior consistent with the preferences of other states to achieve common objectives like avoiding war, reconciling trade imbalances, or stopping the proliferation of cybercrime.

1.1.2 What makes cooperation difficult?

1.1.2.1 Relative gains

Refers to how much more one state gains over another from a given interaction.

- The benefits of cooperation are unlikely to be evenly distributed among participating states.
- States can be hesitant to cooperate when one side reaps larger benefits of cooperation.

	S	C
S	2, 2	0, 3
C	3, 0	1, 1

1.1.2.2 Prisoner's dilemma

Cooperation is a risky maneuver in the face of the potential for cheating by others.

- Knowing that the incentive to cheat exists, each side is driven away from the choice to cooperate.
- Anarchy forces states to make choices based solely on their self-interests, making cooperation very difficult.

1.1.2.2.1 Example Adam and Bob have robbed a bank and been arrested.

- They are interrogated separately.
- Adam and Bob have the option
 1. to confess (move **C**) or
 2. to remain silent (move **S**).

The police have little evidence, and if both remain silent they will be sentenced to one year on a minor charge. Therefore the police interrogators propose a deal:

- If one confesses while the other remains silent, the one confessing goes free while the other is sentenced to three years.
- However, if both talk, both will still be sentenced to two years.

In this game, if each player's payoff is 3 minus the number of years served in jail, we get the following payoff bimatrix.

It seems obvious that both should remain silent, but that's not likely to happen.

- Each player's move **C** strictly dominates move **S**.
- Furthermore, the best response to move **S** is **C**, and the best response to move **C** is also move **C**, therefore the pair (**C**, **C**)—both confessing forms the unique **Nash equilibrium** of this game.
- The choice **C** —confessing—with payoffs of only 1 may seem counterintuitive if negotiations can take place in advance, but their terms are non-binding and cannot be enforced.
- It would be useless to agree on move **S** in advance, since each of the players would feel a strong urge to deviate (cheat). Only if binding agreements are possible, would both agree on the **S-S** combination, reaching a higher payoff.

Thus **PRISONER'S DILEMMA** gives a paradoxical result.

- Players will play moves that result in lower payoffs for both than are possible.
- This is in part because the rules of the game do not allow binding agreements.

1.1.3 Why do some believe international cooperation is likely?

Despite systemic anarchy, states often cooperate because cooperation may be in their self-interest.

- States interact continuously and can reciprocate both cooperation and cheating.
- The expectation of reciprocity makes cooperation a rational choice.
- Shadow of the future: states expect that they will have repeated interactions.
 - For example, the United States–Mexico–Canada trade agreement creates expectations of consistent future interactions.

If the prisoner's dilemma is played only once, it is in each prisoner's self-interest to defect. However, if the prisoner's dilemma interaction is played repeatedly, the likelihood of reciprocity (referred to as a tit-for-tat strategy) makes it rational for each prisoner to cooperate rather than defect.

1.1.3.1 Solution as international institution?

International institutions foster cooperation by encouraging reciprocity.

- Institutions make cooperative and non-cooperative behavior easier to identify.
- Institutions can provide states with information about the behavior of others.
- Institutions enable states to align their expectations about what cooperative behavior looks like.

Neoliberal institutionalist suggests institutions as a way to prevent states from cheating

- Setting standards of behavior: Establishing rules explicitly through charters or over time through norms
- Verifying compliance: Monitoring (elections, production of nuclear material)
- Reducing costs of joint decision making: Requires institutions to 'stick'

- Resolving Disputes: Resolution mechanisms (WTO, Regional Trade Agreements)

1.1.4 International Laws

Consists of a body of rules and norms regulating interactions among states, between states and IGOs, and in more limited cases, among IGOs, states, and individuals. Sources of international law include followings:

- Customs—ingrained habits, usually created by groups of states or a hegemon.
- Treaties—binding written agreements that lay out rights and obligations: Usually require ratification.
 - Treaties are crucial in establishing law across all areas of the international system.
- Enforcement Mechanisms and State Compliance
 - States are sovereign actors, and compliance with international law is clearly not absolute.
 - The U.S. invasion of Iraq (2003) violated the UN Charter.
 - Yet, most of the time, states do comply with international law.

1.1.4.1 Vertical Enforcement

A legal process whereby one actor works to constrain the actions of another actor over which it has authority in order to secure its compliance with the law.

1.1.4.2 Horizontal Enforcement

States work to elicit compliance with international law by other states.

- Power: States comply with international law because more powerful states make them.
- Reciprocity/tit for tat: the desire to reap the gains of cooperation will incentivize states to comply with the laws.

1.2 Intergovernmental Organizations

International institutions established by states and whose members are the governments of states.

- Examples: the United Nations, OPEC, the European Union, etc.

Why do states organize themselves collectively through intergovernmental organizations?

- Neoliberal institutionalism: Continuous interaction among states provides motivation for them to create international organizations, which, in turn:
 - Moderate state behavior.
 - Provide a framework for interaction.
 - Establish mechanisms to reduce cheating.
 - Facilitate transparency of state actions.
 - When states repeatedly interact with one another, they can reciprocate cooperative actions or punish non-cooperative ones.
 - * International institutions help to solidify these repeated interactions by creating lasting relationships among states.
 - Particularly useful for solving two types of problems:
 - * Technical, nonpolitical issues for which states are not the best units for problem resolution (functionalism)
 - * Management of collective goods: goods available to all group members, regardless of individual contribution

1.2.1 Roles of IGOs: The International System

- Contribute to habits of cooperation (European Union)
- Gather information; surveillance (International Atomic Energy Agency)
- Settle disputes (World Trade Organization)
- Conduct operational activities (World Food Programme)
- Arena for bargaining (World Trade Organization)
- Lead to creation of transnational societal networks (European Union)

1.2.2 Roles of IGOs: States

- Expand the possibilities for foreign policy making
- Used by states as instrument of foreign policy: legitimize foreign policy
- Enhance available information
- Punish or constrain state behavior

1.2.3 The United Nations

Founded as the League of Nations after World War I to focus on the notion of collective security. Guided by three principles:

1. Each state is legally the equivalent of every other state.

2. Only international problems fall within the jurisdiction of the United Nations.
3. The United Nations is designed primarily to maintain international peace and security.

1.2.3.1 Security Council

- Permanent members (5): the United States, Great Britain, France, Russia, and the People's Republic of China
- Have the ability to veto substantive resolutions passed by the council and ten additional rotating members elected by region.
- Under Chapter VII of the UN Charter, the Security Council has the power to authorize economic sanctions or the use of force against a state that violates international peace and security.

1.2.3.2 General Assembly

- Forum for states to air ideas and complaints from constituents
- Arena in which member states can debate
- Evaluates and approves the UN budget
- Resolutions can provide the basis for new international laws.

Limited influence because the General Assembly can make only recommendations and members have widely diverse interests.

1.2.3.3 Key Political Issues for the United Nations

- Development of peacekeeping
 - Evolved as a way to limit conflict and prevent escalation into Cold War confrontation
- Post–Cold War Chapter VII enforcement
- Continuous efforts to reform

1.2.3.4 Traditional Peacekeeping

- Uses third-party military forces drawn from nonpermanent members of the Security Council
- Prevents conflicts from escalating
- Invited in by disputants
- Focuses on separating warring parties (buffer zone), securing borders, patrolling demarcation, maintaining cease-fires

1.2.4 Complex Peacekeeping

Also known as multidimensional peacekeeping:

- Respond to civil wars, ethnonational conflicts, and domestic unrest
- Disputants may not have requested UN assistance
- Use of military and civilian personnel (including those drawn from the Security Council)
 - Verifying troop withdrawals
 - Separating warring factions
 - Conducting and supervising elections
 - Implementing human rights guarantees
 - Supplying humanitarian aid
 - Helping civil administration maintain law and order (also known as peacebuilding)

1.2.5 Nongovernmental Organizations (NGOs)

Private, voluntary organizations whose members are individuals or associations that come together to address a common purpose, often oriented to a public good.

- Not sovereign; lack resources available to states.
- Some entirely private, and some partially relying on government aid.
- Some are open to mass membership; others are closed-member groups.
- The number of NGOs has grown dramatically.

In recent decades, NGOs have grown in importance due to the communications revolution (fax, internet, e-mail, social media) recruit to, and launch the publicity campaigns of many NGOs.

1.2.5.1 Functions and Roles of NGOs

- Advocate for specific policies
- Alternative channel for political participation
- Mobilize mass publics
- Distribute aid
- Monitor norms and state practices

1.2.5.2 The Power of NGOs

NGOs rely on soft power, trying to persuade others to change their behavior. Having an independent donor base and links with grassroots groups provides flexibility of actions.

- Can operate in different areas of the world

Being politically independent allows for rapid and direct execution of policy initiatives.

1.2.5.3 The Limits of NGOs

NGOs often lack material forms of power; they cannot command obedience through physical means. Most NGOs have very limited funding. Many NGOs rely on governments, which raises questions of legitimacy and neutrality.

Chapter 2

Human Rights

2.1 What Are the Human Rights?

Each one of us no matter who we are or where we are born is entitled to the same basic rights and freedoms.

- Human rights are not privileges.
- Human rights cannot be granted or revoked.
- Human rights inalienable and universal.

2.1.1 Basic Concepts

2.1.1.1 Political and civil human rights

- Rights that states cannot take away (free speech, assembly)
- Freedom of speech and assembly, security, and protection of the press
- No individual should be deprived of these rights.
- Enshrined in historical documents, such as
 - The Magna Carta, 1215
 - The French Declaration of the Rights of Man, 1789
 - U.S. Bill of Rights, 1791

2.1.1.2 Economic and social human rights

- Rights that states should provide (health care, jobs)
- Decent education, work, health care, and standard of living

- Rights with a focus on “the material”
- Heavily influenced by Karl Marx’s writings and critical social theorists
 - Socialist theorists believe that without these guarantees of socioeconomic rights, political and civil rights are meaningless.

2.1.1.3 Collective rights

- The rights of the marginalized
- The idea of collective rights is not nearly as universal as these rights are contested within states.
- Broad spectrum of rights that states should provide to minorities and the historically marginalized as well as to the collective:
 - Consist of rights for refugees, ethnic minorities, women, indigenous peoples, and LGBTQ+ individuals
 - Include the right to development and the right to a clean environment
- Highly contested in states and the international arena

2.2 Human Rights as Emerging International Responsibility

Geneva Conventions form the core of international humanitarian law.

- I: protection of the wounded in the armed forces (1864)
- II: protection of the wounded at sea (1906)
- III: protection of prisoners of war (1929)
- **IV: protection of noncombatants during wartime (1949)**

Geneva Conventions form the core of international humanitarian law. Slow evolution (almost 80 years!) of human rights until World War II. Contrary to popular belief, the Geneva Conventions do not prohibit the use of weapons of mass destruction. Because the Geneva Conventions are concerned with the protection of human rights. The Hague Convention and the Geneva Protocol govern weapons of mass destruction (related to biological and chemical weapons).

- UN Universal Declaration of Human Rights, 1948
 - A statement of human rights aspirations; Though not legally binding, the statement identified 30 human rights principles covering both political and economic rights.
- Two legally binding documents

2.2. HUMAN RIGHTS AS EMERGING INTERNATIONAL RESPONSIBILITY¹⁷

- The International Covenant on Economic, Social, and Cultural Rights
- The International Covenant on Civil and Political Rights
- These three documents are known as the International Bill of Rights.

2.2.0.1 Two-faced States: States as Protectors of Human Rights

Westphalian tradition suggests that states are primarily responsible for protecting human rights standards within their own jurisdiction. Many liberal democratic states support political and civil rights in their foreign policy. Using diplomacy by tying certain benefits to improvements in human rights.

- Offering trade concessions or increased aid
- Punishing through sanctions
- Example studied: Kim and Kroeger (2017) Rewarding the introduction of multiparty elections. *EJPE*

2.2.0.2 Two-faced States: States as Abusers of Human Rights

Authoritarian or autocratic states are more likely to abuse political and civil rights. Less developed states may be unable or unwilling to meet basic obligations of social and economic rights due to scarce resources or lack of political will. State security often prevails over individual rights. Political-civil rights may be repressed in times of economic strife to divert attention from the economy. Culture and history affect a state's human rights record.

2.2.1 The Role of the International Community—IGOs and NGOs

- Set human rights standards (United Nations)
- Monitor standards
- Establish complaint procedures
- Compile reports on state behavior
- Investigate alleged violations

IGOs may, at times, respond to egregious humanitarian emergencies (United Nations, states).

- In a few cases, states may use IGOs to respond to egregious humanitarian emergencies.
- So-called humanitarian intervention was used in the crisis in Somalia in 1992.

2.2.1.1 Naming and shaming

Publicly identifying and stigmatizing the non-compliant actors

- NGO's weapon against repressive regimes
- State - primarily targets or supporters of naming and shaming (passive roles)

2.2.1.2 Enforcement Problems

A state's signature on treaties is no guarantee of its willingness or ability to enforce treaty provisions. Monitoring via self-reporting presumes a willingness to comply and be transparent. NGOs play a key role in monitoring. Economic embargoes may not achieve changes in human rights policy and may hurt those whom embargoes are intended to help. Military action may cause unintended casualties.

Does monitoring by IGOs or NGOs through investigations, reports, resolutions, and naming and shaming ultimately make a difference for rights protection? The evidence is mixed. One study of over 400 human rights organizations on shaming governments between 1992 and 2004 found that states targeted by NGOs do improve their human rights practices. But shaming is not enough. Shaming is effective when both domestic NGOs on the ground and advocacy by other third parties and individuals are present.

2.2.1.3 Specific Human Rights Issues: Genocide and Mass Atrocities

Crimes against humanity: Article 7 of the Rome Statute of the International Criminal Court

- In 2021, the Trump administration, echoed by the Biden administration, labeled the Chinese government as committing genocide against the Uighurs and other minority groups.
- This designation is controversial given conflicting interpretation of what constitutes genocide and whether that designation then puts pressure on states and the international community to take action to stop the systematic abuse.

2.2.1.4 Punishing the Guilty

International Criminal Court (ICC) covers four types of crimes: genocide, crimes against humanity, war crimes, and crimes of aggression.

- No individuals are immune from jurisdiction, including heads of states and military leaders.
- Many African heads of state feel unfairly targeted by the ICC.

2.3. THE DEBATE OVER HUMANITARIAN INTERVENTION AND R2P19

- Some states, including the United States, feel that ICC impinges on state sovereignty and refuse to sign the treaty.
- While many supporters see the court as essential for establishing international law and enforcing individual accountability, the short-term impact has not been positive.
- Critics see the failure of the ICC to investigate China's actions against the Uighurs as a vast moral failure.

2.2.1.5 The Globalization of Rights: Women's Rights as Human Rights

The UN reports that violence against women and girls "persists at alarmingly high levels."

Post-World War II emphasis on political and civil rights

1960s-1970s: increasing concern for economic rights

- Women in development movement (WID)
- UN-sponsored conferences on women

While NGOs and IGOs attempt to combat the problem, the mainstay of enforcement continues to be at the state level. The best statistical predictor of state peacefulness is not democracy or wealth but the level of physical security for women. The higher the level of violence against women, the more likely the state is involved in interstate and intrastate conflict.

2.3 The Debate Over Humanitarian Intervention and R2P

Military action to stop massive violations of human rights may be just and necessary (humanitarian intervention).

- Contradicts and erodes the Westphalian view of state sovereignty
- Why do we see selective bias?
 - In the nineteenth century, Europeans used military force to protect Christians in Turkey and the Middle East, though they chose not to protect other religious groups.
 - And European nations did not intervene militarily to stop slavery, though they prohibited their own citizens from participating in the slave trade.

Responsibility to protect (R2P): in cases of massive violations of human rights, when domestic avenues for redress have been exhausted, states have a responsibility to intervene.

- How massive do the violations have to be?
- Are UN Security Council authorizations necessary?
- Could states have ulterior motives?

2.3.1 Article: BDM et al. (2005) Thinking Inside the Box

BDM et al. (2005) argues that a gradual, continuous democratization process does not lead to a gradual improvement of human rights. Some aspects of democratization process generate higher level of human rights protection. Thus, BDM et al. (2005) expects that increasing degrees of democracy do not lead smoothly to improved human rights; rather, it depends on the mix of scores on the various dimensions that compose a particular scale. Democracy is reliable as a means of reducing human rights abuses only when institutional reforms pass thresholds that ensure accountability, thereby translating institutional changes into behavioral changes. BDM et al. (2005) finds that democratization does not yield significant improvements for human rights until party competition is normalized. Human rights improvements reflect the discontinuous function of democratization. They conclude that multiparty competition is more significant than other dimensions to reduce human rights abuses. Increases at a state level of democracy do not generate greater respect for human rights. Fully democratization significantly improves human rights record.

At least read abstract.

2.3.2 Article: Park et al. (2019) The (co)evaluation of human rights advocacy

Park et al. (2019) answers the question of how human rights issues change over time. They argues that advocates adopt issues similar to their existing agenda. Resource limitation led organizations to adopt issues that can earn much attention. Testing with quantitative text analysis, previously identified distinct latent topics may combine together as they being discussed together by human rights organizations. Park et al. (2019) concludes that human rights issues evolve over time and shows that human rights issues are interdependent with each other and co-evolve over time.

At least read abstract.

Chapter 3

The Politics of Trade

3.1 Theoretical Approaches to the International Political Economy

Economic liberalism: Humans acting rationally, in a self-interested way, leads to benefits for all.

Mercantilism: Economic wealth as an instrument of state power

- Protectionism: Measures to protect one's own economy from foreign competition in the name of national interest

Economic nationalism: Economic policies are subservient to the national interest

Economic radicalism: A reaction to the excesses of the colonial period and the Industrial Revolution

3.1.1 The Role of States

States can use a variety of tools to influence domestic and international economic policy.

Macroeconomic policies

- Fiscal policies: affect state budgets by setting spending levels and tax rates
- Monetary policies: control the money supply

Microeconomics policies: policies on regulation, subsidies, competition, and antitrust actions

Exchange rates: the price of currency in relation to another (floating/fixed rates)

- The International Classical Gold Standard (gold coin standard), 1873-1914
 - The gold standard became the basis for the international monetary system after 1873.
 - Adopting and maintaining a singular monetary arrangement encouraged international trade and investment by stabilizing international price relationships and facilitating foreign borrowing.
- Moved to gold bullion standard (1931)
 - When a large amount of money was required as a result of World War I, countries temporarily stopped converting gold and began to increase the issuance of money.
 - This was a major setback for the gold standard.
 - Furthermore, the gold standard system based on the nine pound collapsed decisively with the onset of the Great Depression.
 - After the WWII, the Bretton Woods system was established after it was decided to adopt the gold standard with the US dollar as the reserve currency.
 - The crucial difference between the classical gold standard system and the modern gold standard system is that the United States exclusively performs gold conversion, rather than each country's central banks performing gold conversion independently.
- Moved to floating exchange rate: Nixon shock (1971)
 - US issues too much dollars for the Cold War and Vietnamese war, regardless of the amount of Gold that US has.
 - Other countries required US to convert their dollars into golds.
 - 1971, Nixon supported suspending the dollar's convertibility into gold.
 - The Nixon Shock effectively led to the end of the Bretton Woods Agreement and the convertibility of U.S. dollars into gold.

Trade policies

- **Tariffs:** taxes on goods and services crossing borders
- **Nontariff barriers:** restrictions on international trade designed to protect health, safety, or national security
- **Current accounts:** measure the net border flows between countries of goods, services, government transfers, and income on capital investments

- **Capital accounts:** describe the flows of capital between countries, including foreign direct investment and portfolio investment in and out

Balance of payments: a country's current and capital account balances

- Surplus: the value of exports is greater than the value of imports.
- Deficit: the value of imports is greater than the value of exports.

3.1.2 The Role of Multinational Corporations

MNCs span state borders through trade and investment and/or actual presence. There are about 60,000 MNCs; they account for 50 percent of worldwide trade. Key engines of global economic growth. Transmission belt for capital, ideas, economic interdependence, and growth.

3.2 Bretton Woods Institutions

A set of intergovernmental organizations to support economic liberalism.

- The World Bank
- The International Monetary Fund (IMF)
- The General Agreement on Tariffs and Trade (GATT) → The World Trade Organization (WTO)

3.2.1 World Bank

During the 1950s, the World Bank shifted its emphasis from reconstruction to development.

- Lends funds, with interest, for economic development projects
- Lending is designed not to replace private capital but to facilitate the use of private capital.
- Much of its funding has been used for infrastructure projects: hydroelectric dams and basic transportation needs such as bridges and highways.

3.2.2 International Monetary Fund

The International Monetary Fund (IMF) provides stability in exchange rates.

- Fixed exchange rates (before 1976)
- Floating exchange rates (1976)
 - After the United States ended the convertibility of dollars to gold, monetary cooperation became the responsibility of the **Group of 7 (G7)**.

- Short-term loans to countries facing temporary crisis
- Encouraging structural adjustments and providing policy advice on macroeconomic issues and economic restructuring

3.2.3 General Agreement on Tariffs and Trade

Enshrined liberal principles:

- Support of trade liberalization
- Nondiscrimination in trade; most-favored-nation treatment
- Preferential access in developed markets for products from the Global South
- Support for the national treatment of foreign enterprises

3.2.4 World Trade Organization

In 1995, GATT became a formal institution, renaming itself the World Trade Organization (WTO).

- The World Trade Organization (WTO) incorporated the general areas of GATT's jurisdiction and expanded jurisdiction in services and intellectual property.
- Regular ministerial meetings gave the WTO new political prominence.
- Represents states that conduct over 90 percent of the world's trade.
- Serves as a forum for trade negotiations.
- Provides a venue for trade review, dispute settlement, and enforcement.

3.3 International Monetary Policy

During the 1920s and after World War II, the value of the U.S. dollar was linked to gold. In 1971, the dollar was taken off the gold standard. The prices of each currency adjust continually in response to market supply and demand. Currency trades average more than \$3 trillion a day. No global institution addressing monetary policy.

- Central role of the United States and the U.S. dollar as the reserve currency
- The U.S. dollar serves as the world reserve currency, giving the United States enormous power.

3.4 International Trade Negotiations

1986: Uruguay Round of trade talks covered new areas, such as services, intellectual property rights, and agriculture.

The World Trade Organization (WTO) created the .p1-green[Trade Policy Review Mechanism] and .p1-red[Dispute Settlement Body]. Nonetheless, the WTO has proved to be a weak institution.

- Between 1947 and 1994, the parties in the GATT were successful in cutting tariffs, giving better treatment to developing countries, and addressing new problems (subsidies and countervailing duties).
- Overall, tariffs were reduced in the major trading countries from an average of 40 percent to 5 percent on imported goods.

2001: the Doha Round began

- Main sticking point remained agriculture market liberalization in the United States and European Union
- Failed over perceptions of trade fairness.

The WTO has proved to be a weak institution for facilitating that process, given the procedure adopted by negotiators: “nothing is agreed until everything is agreed.”

3.5 Globalization

3.5.1 Definition

- As a **process**, the flows of goods, services, people, capital, and technology within a single world economy and the transformations of national economies that these flows produce.
- As an **outcome**, a world economy in which government policies pose few barriers to, and technology enables, cross-border economic transactions.

3.5.2 Measurements

Trade openness: Sum of the total imports and exports as a share of GDP

- $\text{Trade openness} = [\text{imports} + \text{exports}] / \text{GDP}$

Capital flows: Total capital inflows and outflows as a share of GDP

- Consist of direct investment, portfolio, and bank finance

We can utilize other various indicators to see globalization

- Private capital flow (net or percentage of GDP)
- Manipulated indicators of globalization (social/economic/political)