

The Sam Nunn School of International Affairs
Georgia Institute of Technology

Fall 2012

INTA 6302: International Political Economy

Tuesdays 6-9 p.m.
136 Habersham

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International Political Economy is the study of the interplay of economics and politics in the world arena—Jeffrey A. Frieden and David A. Lake

IPE is an open range [which lies] still unfenced, still open to all comers—Susan Strange

Political Economy—despite its worldly and wanton appearance—is a true moral science, the most moral of all the sciences—Karl Marx

No society can surely be flourishing and happy, of which the greater part of the members are poor and miserable—Adam Smith

Course Description and Objectives

This course offers an introduction to international political economy, a field of study that is concerned principally with understanding the interaction between states and markets as well as other political actors and economic forces in the international system. Following the organization and themes of the core textbook, *Global Political Economy*, we shall begin by placing the study of IPE in historical context and examining the three dominant theoretical frameworks of the field -- Realism, Liberalism, and the catch-all group labeled, "Critical" which includes modes of inquiry ranging from historical structuralism/Marxism, Gramscian and Polanyian approaches, feminism, constructivism as well as others. Through an evaluation of the strengths and limitations of each contending framework, one becomes familiar not only with the concepts and analytical tools employed by scholars of international political economy, but also the normative underpinnings of each school of thought. Since one aim of the course is to identify how theory informs (and/or misinforms) practice and policy making in the realm of international economic relations, it is essential to understand how worldviews and ideological biases may influence theories and therefore, how we interpret events and issues in world affairs. After our survey of contemporary theoretical debates, we will turn our attention to the role of values and ideas in shaping the history of the international political economy by reading Karl Polanyi's seminal work *The Great Transformation*. Reading this book provides historical background on the origins of the international

system of the 19th century and the nexus of politics and economics that produced it as well as caused its demise and the emergence of a new international economic order. Given the current period of transformation in the world economy, there is renewed interest in the prescience of Polanyi's thinking and its potential application to the challenges of global capitalism in the 21st century. Thus, a careful and critical reading of this work should facilitate a lively and meaningful debate and frame some of the key questions we will be addressing later in the course.

In the second segment of the course we will examine most of the core issue areas of IPE: the international monetary system; international trade; the role of firms/ multinational corporations; the international financial system; foreign debt and financial crises, economic development/underdevelopment ; and North-South relations. The subsequent section of the course will tackle some of the misconceptions of globalization, the myths and realities of competitiveness and the role of technological change in shaping global economic forces. This section will be coupled with another exposition of how we study IPE –namely how scholars in different parts of the world have framed and analyzed these issues.

By the end of the course, students should feel competent to offer informed opinions and intelligent analyses of some of the world's most pressing problems and issues that have perpetually divided humanity—the proper scope of action for states versus markets, the scarcity of resources, the relationship between wealth and power, and the underlying causes and effects of prosperity and disparity among societies. Given the breadth of the topics surveyed here, mastery of the subject is not a reasonable expectation; however, you should achieve clarification and refinement in your own thinking and analysis of the relations between international politics and international economics and unlike some of the leading pundits and policy wonks targeted by economist Paul Krugman, you should be able to detect the egregious errors of “pop internationalism”—a replacement of serious discussion of international trade and the world economy with a distortion of economic facts and figures, an ignorance of basic economics and what Krugman identifies as “intellectual laziness” (Krugman, 1996: ix).

Additional Learning Outcomes: Acquiring general knowledge of the field of International Political Economy as described above should enable students to exhibit a solid grasp of concepts, theories and methods that may be enlisted to understand and explain the complex interactions between states and markets in the world economy as well as the relationship between domestic and international forces. As such the two following broad learning outcomes will be assessed independently of the other course grades during the semester.

- **Learning Outcome 1:** Students will demonstrate an understanding of the relationship between the states and markets at the international level
- **Learning Outcome 2:** Students will exhibit knowledge of the leading schools of IPE ideologies/theories/analytical frameworks and be capable of applying them to explain IPE phenomena such as economic development, global poverty and inequality, and financial crises. Equipped with these concepts, theories and analytical tools, students should also be able to analyze the relationship between

domestic and international politics as well as understand and explain a country's foreign economic policies, trade preferences, roles within the WTO, IMF and the World Bank, etc.)

Specific goals of the course for which these outcomes will be evaluated include the capacity of students to:

- Review scholarly literature related to IPE issues, understand the core functions of the key institutions within the global economy,
- Identify specific methods and models in the IPE literature related to their own research project, critically analyzing their strengths and weaknesses;
- Produce a paper in which they utilize IPE concepts and theories to develop an original research puzzle, produce an appropriate research design, gather data and test their argument against the empirical evidence or produce a policy analytic paper intended for governments or international institutions such as the IMF.
- Display critical sensitivity and knowledge of the processes of globalization in terms of its causes and consequences and its implications for convergence and divergence among countries and regions of the world or in engendering cooperation or conflict in the world.

Assessment Instrument: A four point scale will be implemented to measure student success in achieving these learning outcomes with a “4” indicating an excellent command of the concepts, theories and methods used in IPE and demonstrated analytical ability in understanding the interactions between domestic (States) and international variables (Markets) in both oral presentations and written work; “3” representing a solid grasp of the aforementioned facets of IPE; “2” confirming a satisfactory but somewhat rudimentary understanding of the material; and “1” revealing an incomplete understanding and unsatisfactory display of the requisite knowledge and skills described above.

Required Books

(Available at the Engineer's Bookstore)

- Theodore H. Cohn, *Global Political Economy*, Sixth edition (Longman, 2012)
- Karl Polanyi, *The Great Transformation* (Beacon Press, 1944/2001)
- Roger Tooze and Christopher May, eds. *Authority and Markets: Susan Strange's Writings on International Political Economy* (Palgrave, 2002)
- Benjamin Cohen, *The Future of Global Currency: The Euro Versus the Dollar*, by (Routledge Publishers, 2011)
- Dani Rodrik, *The Globalization Paradox* (Norton, 2011)
- Mark Blyth, ed. *Routledge Handbook of International Political Economy: IPE as a Global Conversation*
- Ngaire Woods, *The Globalizers: IMF, the World Bank and Their Borrowers*

*Supplementary readings are indicated in the course outline below. These readings are listed for your reference only and there is no expectation that you will be able to read or comment on the additional literature. However, if you are a Ph.D. student or you plan to pursue a Ph.D. you should take note of these readings and authors and be aware of their significant contributions to the related scholarly debates. The readings are also intended as a guide for students desiring greater coverage of –and/or alternative views on--various topics.

It is also strongly recommended that you read a high quality newspaper daily and keep up with current events and global economic trends throughout the semester. I suggest *The New York Times*, *The Financial Times* or *The Wall Street Journal*. Additionally, *The Economist* is a great resource for interesting economic indicators and other data as well as concise analysis—albeit with an obvious political slant-- of contemporary political economic events and policy debates.

Important scholarly journals that typically feature articles of interest to students of IPE include:

- *International Organization*
- *World Politics*
- *International Studies Quarterly*
- *Review of International Studies*
- *Review of International Political Economy*
- *Millennium*
- *New Political Economy*
- *Globalizations*

Additional Optional Reading

Robert Gilpin, *The Challenge of Global Capitalism* (Princeton University Press, 2000)

Robert Gilpin: *The Political Economy of International Relations*. (Princeton University Press, 1987)

David N. Balaam and Michael Veseth, *Introduction to International Political Economy*, (Prentice Hall; 2010) 5th Edition

Alan Beattie, *False Economy: A Surprising Economic History of the World*, (Riverhead, 2009)

Niall Ferguson, *The Ascent of Money: A Financial History of the World*, (Penguin, 2009)

Jagdish Bhagwati: *In Defense of Globalization*, (Oxford University Press, 2005)

Benjamin J. Cohen: *International Political Economy: An Intellectual History*, (Princeton University Press, 2008)

Hernando de Soto: *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. (Basic Books; 2003)

Jeffrey A. Frieden: *Global Capitalism: Its Fall and Rise in the Twentieth Century*, (W. W. Norton, 2007)

Ralph Pettman, *Understanding International Political Economy with Readings for the Fatigued* (Lynne Reinner, 1996)

Peter Gourevitch and James Shinn, *Political Power and Corporate Control* (Princeton University Press, 2005)

Patricia Goff, *Limits to Liberalization: Local Culture in a Global Marketplace* (Cornell University Press, 2007)

Alan Carfruny and Magnus Ryner, *Europe at Bay: In the Shadow of U.S. Hegemony* (Lynne Rienner Publishers, 2007)

Vicki L. Birchfield, *Income Inequality in Capitalist Democracies*, (The University of Penn St. Press, 2008)

Breznitz, Danny and Michael Murphree, *The Run of the Red Queen* (Yale University Press, 2011)

Gordon Betcherman, "Globalization, Labor Markets, and Public Policy" from *States against Markets* (1996) pp. 250-269 [emphasis on Canada]

Robert O'Brien, "Workers and World Order: The Tentative Transformation of the International Union Movement" *Review of International Studies* (2000) pp. 533-55

Sidney Tarrow, "Transnational Politics: Contention and Institutions in International Politics" *Annual Review of Political Science* (2001) pp. 1-20

Jackie Smith, "Global Civil Society? Transnational Social Movement Organizations and Social Capital" *American Behavioral Scientist* (1999) pp.93-10

Robert Cox, "Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order" *Review of International Studies* (1999) pp. 18-19

Peter Evans, "Fighting Marginalization with Transnational Networks: Counter Hegemonic Globalization" *Contemporary Sociology* (2000) pp. 230-241

John Odell, "Negotiating to Impasse in Seattle"

Mary Kaldor, "Civilising Globalisation? The Implications of the "Battle in Seattle,"" *Millennium* (2000)

Jan Aart Scholte, "Cautionary Reflections on Seattle" *Millennium* (2000)

Fred Halliday, "Getting Real About Seattle" " *Millennium* (2000)

Course Format and Requirements

This is a graduate level seminar and as such should be driven largely by dialogue and debate amongst ALL of the participants. Consequently, you are expected to attend each seminar and prepare adequately so that you can make a thoughtful and intelligent contribution to class discussion. The instructor will open each seminar with a mini-background lecture and then the floor will be given to the student assigned to lead the class session. We will take a fifteen-minute break after the student presentation of the material and then we will resume and open the discussion to the entire class. Overall participation accounts for 10% of the total grade. Seminar leadership is worth 20% and an additional brief oral presentation on some topic of special interest to you (to be decided upon in consultation with the instructor) is also worth 10 %. The remaining 60% is comprised of three short papers (20% each), 5-7 pages, double-spaced on specified topics or you may conduct a larger research project culminating in a 20 to 25, double-spaced page paper. If you choose the research option, you will be expected to submit progress reports (i.e., proposal and outline, literature review, research design, etc.) at least twice during the semester.

Leading the Seminar: In addition to preparing an oral presentation of the week's readings, you must provide a written summary/outline of the readings to the Instructor (3 to 5 pages) and a list of discussion questions to facilitate dialogue and debate after your presentation. The discussion questions should be posted to the course website on T-Square preferably the day before, but no later than noon on the day of your presentation. You may be as conventional or creative as you like in how you approach the seminar leadership as long as you present the material comprehensively, i.e., distilling the main points and teasing out what the overarching arguments and contributions are of each reading and raising questions as well as pointing to their potential weaknesses and shortcomings. PPT presentations tend to be the most common format, but it is not obligatory.

Short Commentary

Each week a student other than the seminar leader will be responsible for preparing a short commentary on a subject that ties in with the theme of the week but that was not directly covered in the reading. The last fifteen or twenty minutes of each seminar will be devoted to this commentary and topics should be selected in consultation with the instructor. Suggestions: You may choose a single country or region of particular interest and analyze its position in the global economy with respect to whatever specific institutional or policy issues being covered in the readings; the commentary could address how a specific country or area of the world is impacted by or is shaping the international economic system; you may describe a particular society's attitudes about and experience of globalization, a country's role in the world trading system, etc. Another option would be to explore the current agendas of the G-8, the OECD or WTO or other international institutions (World Bank, IMF, FAO, UNDP) and provide an update of various policy issues and debates or on-going negotiations such as the Doha Round. Further ideas include: exploring the causes and consequences of the current global economic crisis, or commenting on previous ones such as the Asian, Mexican or Russian financial crises. If you have a special interest in a particular industry, technology or natural resource, you could research how it is shaped by global economic forces or may be driving socio-economic change in the global system.

If you prefer, you may offer a different perspective or critique of the week's readings that you draw from other scholarly literature not covered in the assigned readings such as that listed as supplementary reading or other material you identify as relevant and that is approved by the instructor.

Short Papers: The writing assignments are meant to give you the chance to sharpen your synthetic reasoning and analytical skills and apply critical thinking to a variety of topics relevant to the study of IPE. In some instances I will be looking specifically for your assimilation of the readings and their application to real world phenomena. In other cases you will be more self-directed in your attempt to bridge the gap between theory and practice by selecting a current topic of particular interest to you and offering some sort of position paper or policy memo or statement. Listed below are questions/topics from

which you may select three, but you must respond to one of the two questions dealing with Polanyi.

On Polanyi:

1) Discuss the parallels between the transition from the 19th to the 20th century in international political economic affairs and the present juncture of the global economy. How would you characterize the present “great transformation” that may be underway? Do you detect continuity or change in the intellectual thought and behavior described by Polanyi with regard to ideas about the power and authority of states and markets?

2) Contrast Polanyi’s conception of the market with that of the neoliberal paradigm or what some have referred to as the “Washington consensus.” Which understanding of what the market is and how it is interconnected with individual actors, institutions and societal forces is most accurate? Why? Are there alternative formulations that are superior to either Polanyi’s or that of the neoliberals?

Other possible topics

3) Of the three contending theoretical perspectives, which one do you feel most adequately explains the current global economic situation? First, you must define what the current global economic situation is and next describe how the assumptions, objectives and concepts of the given theoretical framework most adequately explain and help one to interpret the present state of the global economy.

4) Discuss IPE in the context of the traditional notions of high politics and low politics. Can security issues or conventional ideas about national interests be separated from questions of economic welfare and advantage? Do you believe economic strength and competitiveness has become a significant priority of foreign policy? How would you characterize the relationship between geopolitics, military power and economics?

5) Discuss the current challenges of international trade relations. Compare and contrast the Uruguay Round negotiations with those of the presently stalled Doha Round. Define protectionism and present an argument for or against the positions taken by a given country/region or trade bloc with regard to charges or complaints of protectionism or market distorting practices.

6) Choose a current article (within the last several years) from one of the scholarly journals listed on the syllabus and write a summary and critique of it. You should include a discussion of the theoretical perspective and the methodological approach employed by the author and offer an opinion on whether or not the piece makes a significant contribution to our understanding of IPE and why or why not.

7) Discuss production, consumption and distributional patterns in the global economy. How would you assess the relationship between the accumulation of wealth and the

existence of extreme poverty? What do you think the root causes of the North-South economic divide are? Discuss the role and potential impact that philanthropic interventions on the scale of the Gates Foundation or Oprah Winfrey are likely to have on chronic problems of global poverty.

8) Choose one of the following issue areas and discuss why and how this issue must be understood in the context of IPE: Gender relations or the role/positions of women in the global economy, immigration, the environment, famine, diseases/epidemics, population, or technology—technological innovation as a driver of global economic change. You may also read an important and IPE relevant book (or strategically skim a couple or several books treating the same subject as well as serious reviews of them) and write a critical summary and analytic review. If you choose the book review option, you must clear it with the instructor.

Course Outline and Schedule

***Supplementary readings are intended primarily for Ph.D. students**

8/21 Introductions, overview of the course, and assignments

8/28 Defining IPE: Politics and Economics; States and Markets

Readings: Cohn, chapters 1 and 2; Tooze and May, pp. 1-31 and 185-196; Blyth, Introduction

Supplementary: Herman Schwartz, “The Rise of the Modern State: From Street Gangs to Mafias” from *States versus Markets*

Leader: Birchfield

9/4 The Grand Narratives of IPE: Realism, Liberalism, and Historical Structuralism/Critical Approaches

Readings: Cohn, chapters 3, 4 and 5

Supplementary:

John Gerard Ruggie, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order, *International Organization* 36 (1982) pp.379-415.

Robert Cox, “Social Forces, States and World Orders” *Millennium* 10 (1981) pp.126-55.

Leader: Jarrod

Commentator:

9/11 The International Political Economy in Historical Perspective

Reading: *The Great Transformation*, Foreword through page 135

Supplementary:

Marguerite Mendell and Kari Polanyi Levitt, "Karl Polanyi: His Life and Times" *Studies in Political Economy* (1987) pp.7-39

Fred Block and Margaret Somers, "Beyond the Economistic Fallacy: The Holistic Social Science of Karl Polanyi" in Theda Skocpol, ed., *Vision and Method in Historical Sociology* (1984)

Leader: Birchfield

9/18 Polanyi continued

Reading: *The Great Transformation*, pages 136-268

Supplementary:

Jacques Attali "The Crash of Western Civilization: The Limits of Markets and Democracy" *Foreign Policy* (Summer 1997)

Francis Fukuyama, "The End of History" *National Interest*, (Summer 1989) and John Gray's critique of Fukuyama in *National Review* 27 October 1989, pp.33-5

Vicki Birchfield, "Contesting the hegemony of market ideology: Gramsci's 'good sense' and Polanyi's 'double movement' in *The Review of International Political Economy* (1999)

Leader: Birchfield

9/25 International Monetary Relations and Foreign Debt

Readings: Cohn, chapters 6 and 11; Tooze and May, pp. 71-118

Supplementary:

Stephen Kobrin, "Electronic Cash and the End of National Markets," *Foreign Policy* (Summer 1997)

Miles Kahler, "Politics and International Debt: Explaining the Crisis" *International Organization* (Summer 1985) pp.357-382

David Williams, "Aid and Sovereignty: Quasi-States and the International Financial Institutions" *Review of International Studies* (2000) pp.557-573

Leader: Yameen

Commentator:

*****First Short Paper Due*****

10/2 The IMF, the World Bank and their Clients

Readings: Woods, pp. 1-83

Leader: Eric

Commentator:

10/9 Financial Crises

Readings: Woods, pp. 84-140 *Note: Additional Readings on the Euro crisis will be posted on T-Square

Leader: Birchfield

Commentator:

10/16 NO CLASS: ENJOY the FALL RECESS

10/23 Regionalism and Global Trade

Readings: Cohn, chapters 7 and 8; Tooze and May, pp. 33-70

Supplementary:

Andrew Hurrell, "Explaining the Resurgence of Regionalism in World Politics" *Review of International Studies* (1995) pp.

F.M. Scherer and Richard Belous, "Unfinished Tasks: The New International Trade Theory and the Post-Uruguay Round Challenges" Issues Paper No. 3 Washington, D.C.: British-North American Committee, 1994 or Jeffrey Schott, *The Uruguay Round: An Assessment* (1994, Selected Chapters)

S. Krasner "State Power and the Structure of International Trade" *World Politics* (1976)

Katja Weber and Mark Hallerberg, "Explaining Variation in Institutional Integration in the European Union: Why Firms may prefer European Solutions" (2001) pp.171-191.

Leader: Molly

Commenator

10/30 International Development

Reading: Cohn, chapters 10 and 12; Tooze and May, pp. 35-46; Woods, 141-213

Supplementary:

Jeffrey Frieden, "International Investment and Colonial Control: A New Interpretation" *International Organization* (1994) pp.559-93

Stephen Haggard and S. Maxfield, "The Political Economy of Financial Internationalization in the Developing World" *International Organization* (1996) pp. 35-68

Leader: Kathy

Commenator:

11/6 Multinational Corporations and Global Production

Readings: Cohn, chapter 9; Tooze and May, pp. 157-170; * Note: you will also be required to watch a film prior to class, TBA

Supplementary:

Susan Strange, "Politics and Production" from *The Retreat of the State* (1996) pp.44-66

David Korten, "Corporate Colonialism" from *When Corporations Rule the World* (1996) pp. 121-173

Louis Pauly and Simon Reich, "National Structures and the Multinational Corporate Behavior: Enduring Differences in the Age of Globalization" *International Organization* (1997)

Leader: Danny

Commenator: Parsons

11/13 IPE as a Global Conversation

Readings: Blyth, (Entire)

Supplementary:

Special issue of the *FT* on "The crisis of Global Capitalism" (to be posted on T-Square) Edgar Grande and Louis W. Pauly, *Complex Sovereignty: Reconstituting Political Authority in the Twenty-First Century*, University of Toronto Press, 2007. (Selected Chapters)

Leader: Jarrod

Commentator:

*****Second Short Paper Due*****

11/20 The Globalization Paradox

Reading: Rodrick, pp. 1-134; Tooze and May 239-250

Supplementary:

Dani Rodrick, Sense and Nonsense in the Globalization Debate, *Foreign Policy* (1997)

Mark Ruppert, "From Liberal Globalization to Global Democratization" from *Ideologies of Globalization* (2000) pp. 65-93.

Leader: Birchfield and Parsons

11/27 Continued....

Reading: Rodrick, pp. 159-284

Leader: Bess

12/4 Last Day of Class

The Future of Global Currency

Reading: Cohen (entire book)

Leader: Birchfield

12/10 Final Papers Due (by noon)