

INTA 6302

International Political Economy

Spring 2024

W 1830-2115

LOCATION: Habersham G17

Dr. Alasdair Young

alasdair.young@gatech.edu

Office: 212B Habersham Building (781 Marietta St.)

Office Hours: M 10-11; W 2-3 and by appointment

Course description

This course introduces the sub-discipline of International Political Economy, which studies the interaction of politics and economics within and beyond states. It will introduce the key theoretical debates and explore how their insights can be applied to understand real world developments and inform policy choices.

Intended learning outcomes

By the end of this course, students:

- will be able to demonstrate knowledge of principal contemporary global challenges in the field of international affairs (MSINTA).
- will be able to apply research skills to address problems in the field of international affairs (MSINTA).
- will be able to demonstrate knowledge of principal contemporary global challenges in the fields of international affairs and science and technology (PhD IAST);
- will be able to demonstrate the ability to apply theories of International Political Economy to analyze contemporary global challenges.
- will be able to demonstrate the ability to advance sophisticated arguments orally and in writing.

Course materials

Course materials are available on the web (denoted by **w**), through the GT library (**l**) or on Canvas (**c**).

All readings are required!

Course requirements

Each student will write one (1) **discussion paper** based on the readings for that class session. The paper should be 2-3 pages double spaced. It should be submitted to the instructor as a PDF file by email by noon on the day of class. The file should have the name: surname-discussion paper.

Each student will be expected to participate in three (3) small **group presentations**. Presentations will be 15 minutes followed by Q&A. No later than the Monday before each presentation, each group must meet with the instructor to **discuss its plans**. Slides for the presentations must be up-loaded to the discussion in Canvas by noon on the day of the presentation.

Students must also write a **term paper** on an IPE topic of their choice to be agreed with the instructor. PhD student papers must have a science and technology dimension. The paper must apply appropriate IPE theories to the subject. Each student must submit her/his paper topic with a brief (~1 page) justification to the instructor by email before class in Week 4. Students **must** meet with the instructor to discuss their paper topics at least once between weeks 7 and 10 (inclusive). The completed paper should be 10-15 double-spaced pages long, excluding references. The paper must be emailed to the instructor as a PDF file by **noon on 4/24**. The file should have the name: surname-term paper.

Students will also **present** their projects. Presentations should be posted to the discussion in Canvas by noon on the day of the presentation.

Class participation is extremely important. To get the best possible grade, students should engage actively in discussions. Active participation requires active listening. You should not speak for the sake of it, but you should ask questions if you have them and make comments that you consider pertinent. The quality of interventions matters more than their quantity.

Assignment	Share of total	Maximum possible points
Discussion paper	10	200
3 group presentations	45 (15 each)	900
Term paper	20	400
Project presentation	10	200
Class participation	15	300
TOTAL	100	2000

Late assignments will NOT be accepted, except for medical or personal emergencies upon verification.

Extra-credit (25 points for a serious effort) (up to 2 assignments may be submitted). Write a reflective summary (500 words max) of an approved public talk. Due by email within a week of the talk.

Grading

Grade	Points	Descriptors
A	20 19 18	Exceptionally good performance demonstrating a superior understanding of the subject matter, a foundation of extensive knowledge, and a skillful use of concepts and/or materials.
B	17 16 15	Good performance demonstrating capacity to use the appropriate concepts, a good understanding of the subject matter, and an ability to handle the problems and materials encountered in the subject.
C	14 13 12	Adequate performance demonstrating an adequate understanding of the subject matter, an ability to handle relatively simple problems.
D	11 10 9	Minimally acceptable performance demonstrating at least partial familiarity with the subject matter and some capacity to deal with relatively simple problems, but also demonstrating serious deficiencies.
F	<8	Did not demonstrate familiarity with the subject matter, nor the capacity to deal with simple problems in a manner recognizable to the consensus of mainstream academic practitioners within the field.

Final grades:

> 1800	A
1500-1799	B
1200-1499	C
900-1199	D
<900	F

Grade Change Policy

Simple computational or clerical errors should be brought to my attention immediately. Legitimate requests for grade changes are welcome and encouraged. You should, however, resist the temptation to file a frivolous request just hoping to “get lucky”. Approach a grade change request as if arguing a legal case: you should have strong and convincing arguments and evidence to support your request. Be aware that appeals to the practices of other professors do not constitute a good argument or evidence. Note also that grade changes requests can result in re-grades either up or down (or left unchanged). That is, if the greater scrutiny demanded by a grade change request reveals

your assignment to deserve a lower grade than previously awarded, then the lower grade will be assigned.

Attendance policy

Attendance is required, although each student can have 1 (one) unexcused absence without penalty. Each subsequent unexcused absence will result in the student's class participation grade being lowered 1 (one) point on the 20 point scale.

- Absences for medical or personal emergencies will be excused. Absences for school athletics will be excused only if they are in accordance with the schedules approved and circulated by the Student Academic & Financial Affairs Committee for Travel or the Associate Athletic Director (Academic Services). Absences due to military service will be handled on a case-by-case basis and subject to verification.
- In order to get the most out of the course and to be able to participate effectively in class, you are expected at a minimum to read and reflect upon required readings before class. You should also read a newspaper with good coverage of international economic issues. The *Financial Times* and the *Economist* are available through the library.
- Course participants will treat each other with respect. Constructive questioning and criticism are encouraged. Personal attacks and insults will not be tolerated. The rule of thumb here is that critical comments and questions should be maturely phrased in a manner that encourages constructive and open debate. They should **not** be phrased as insults, threats, or in a manner that shuts down discussion.

Statement on inclusiveness

The Ivan Allen College of Liberal Arts supports the Georgia Institute of Technology's commitment to creating a campus free of discrimination on the basis of race, color, religion, sex, national origin, age, disability, sexual orientation, gender identity, or veteran status. We further affirm the importance of cultivating an intellectual climate that allows us to better understand the similarities and differences of those who constitute the Georgia Tech community, as well as the necessity of working against inequalities that may also manifest here as they do in the broader society.

Special Accommodations

Students requesting academic accommodations based on a documented disability are required to register with the Georgia Tech office of Disability Services (<https://disabilityservices.gatech.edu/>).

Academic misconduct

According to the Georgia Tech [Academic Honor Code](#), **academic misconduct is any act that does or could improperly distort Student grades or other Student academic records.** Such acts include:

- Possessing, using or exchanging improperly acquired written or verbal information in the preparation of any essay, laboratory report, examination, or other assignment included in an academic course;
- Substitution for, or unauthorized collaboration with, a student in the commission of academic requirements;
- Submission of material that is wholly or substantially identical to that created or published by another person or persons, without adequate credit notations indicating authorship (plagiarism).

Course overview

1	1/10	Introduction	
2	1/17	Explaining policies	Discussion paper
3	1/24	Trade policy preferences	
4	1/31	Beyond trade policy: regulation and investment	Case study: Privacy protection Case study: FDI and development Paper topic and justification (by email)
5	2/7	Money	Case study: Croatia's decision to join the euro Case study: Is the dollar in decline?
6	2/14	Interdependence and power	Case study: Sanctions on Russia Case study: US semiconductor restrictions
7	2/21	Negotiations	Case study: USMCA Case study: UK-EU comprehensive trade agreement

8	2/28	Institutional design and effectiveness	Case study: WTO dispute settlement and developing countries Case study: US objections to WTO dispute settlement
9	3/6	Economic crises	Case study: Asian financial crisis Case study: Greek debt crisis
10	3/13	Environment	Case study: Ozone layer Case study: Climate change
	3/20	Spring break	
11	3/27	Development	
12	4/3	Globalization and the state	
13	4/10	Presentations 1	
14	4/17	Presentations 2	
	4/24	Term paper due	

Detailed course outline

1/10 Introduction

This class will introduce the course and begin to explore the sub-discipline of International Political Economy. It will present the classical IPE theories: mercantilism, liberalism and Marxism.

1/17 Explaining policies

This class introduces the main analytical theories used in IPE: neo-Marxism, open economy politics, and constructivism. The class will explore their key tenets and consider how they relate to each other.

Discussion: How well do these theories explain the change in US trade policy between Presidents Obama, Trump, and Biden?

Discussion paper: How might these approaches complement each other?

Reading

Cox, R.W. (1981), "Social Forces, States and World Orders: Beyond International Relations Theory," *Millennium*, 10/2, 128-30, 135-8, 147-9. (c)

Lake, D.A. (2009), "Open Economy Politics: A Critical Review." *The Review of International Organizations*, 4/3: 219-244. (l)

Abdelal, R., Blyth, M. and Parsons, C. (2010), "Introduction: Constructing the International Economy," in R. Abdelal, M. Blyth and C. Parsons (eds), *Constructing the International Economy*, Cornell University Press, 8-19. (c)

Froman, M. (2017), "Trade, Growth, and Jobs: U.S. Trade Policy in the Obama Administration," Cabinet Exit Memo, 7 January. Available at: <https://obamawhitehouse.archives.gov/sites/whitehouse.gov/files/documents/USTR%20Exit%20Memo.pdf> (w)

1/24 Trade policy preferences

This class digs further into preference formation focusing on the factors shaping trade policy preferences. IPE has developed particularly sophisticated theories about the origins of trade policy preferences, which inform understandings of other policy preferences. Changes to the nature of trade and understandings of

what policies affect trade, however, have challenged long-standing assumptions about trade policy preferences.

Discussion: Brexit preferences

Reading

OECD, WTO, UNCTAD (2013), “Implications of Global Value Chains for Trade, Investment and Jobs,” prepared for the G-20 Leaders Summit, Saint Petersburg, September, pp. 6-7. Available at:

http://unctad.org/en/PublicationsLibrary/unctad_oecd_wto_2013d1_en.pdf
(w).

Kim, I.S. and Osgood, I. (2019), “Firms in Trade and Trade Politics,” *Annual Review of Political Science*, 22: 399-417. (l)

Mansfield, E. D. and Mutz, D. C. (2009), “Support for Free Trade: Self-Interest, Sociotropic, Politics and Out-Group Anxiety,” *International Organization*, 63, 425-57. (l)

Autor, D. H., Dorn, D. and Hanson, G. H. (2016), “The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade,” *Annual Review of Economics*, 8: 205-40. (l)

Hicks, R., Milner, H.V. and Tingley, D. (2014), “Trade Policy, Economic Interests, and Party Politics in a Developing Country: The Political Economy of CAFTA-DR,” *International Studies Quarterly*, 58/1 106–117 (l).

1/31 Beyond trade policy: regulation and investment

As tariff barriers have fallen, regulatory differences have become more important as obstacles to trade. One of the key features of the current period of globalization is the proliferation of transnational production, which is often underpinned by foreign direct investment. Both developments have changed the politics of trade policy.

Paper topic and justification (by email)

Case studies:

Privacy protection

FDI and development

Reading

Bradford, A. (2012), 'The Brussels Effect,' *Northwestern University Law Review*, 107/1, 2-19. (l)

OECD (2013), *International Regulatory Co-operation: Addressing Global Challenges* (Paris: Organization for Economic Cooperation and Development), pp. 15-68. Available to read online at: https://read.oecd-ilibrary.org/governance/international-regulatory-co-operation_9789264200463-en#page71

Young, A. R. (2016), "Not your parents' trade politics: The Transatlantic Trade and Investment Partnership negotiations," *Review of International Political Economy*, 23/3, 345-55 and 363-68. (l)

UNCTAD (2023), [*World Investment Report 2023: Investing in Sustainable Energy for All*](#), pp. 3-21.

Manger, M. S. (2009), *Investing in protection: the politics of preferential trade agreements between north and south*. Cambridge University Press: 1-24. Available at: http://eprints.lse.ac.uk/25293/1/Introduction_%28LSERO%29.pdf (w)

Siles-Brügge, G. (2018), Transatlantic investor protection as a threat to democracy: the potency and limits of an emotive frame,' *Cambridge Review of International Affairs*, 30/5-6, 464-488 (l).

Farrell, H. and Newman, A. L. (2019), *Of Privacy and Power: The Transatlantic Struggle over Freedom and Security*, Princeton University Press, pp 17-38. (c)

2/7 Money

Currencies (money) provide valuable functions within economies, including facilitating the exchange of goods and services and storing value. Exchange rates enable one currency to be exchanged for another, which is necessary for the exchange of goods and services among countries. Exchange rate systems can have profound implications for the aims of (domestic) monetary policy. Those implications depend on the nature of financial flows. Liberalized financial flows can bring benefits and costs. This class will explore the different types of currency regimes and financial flows and explore their policy implications and their pros and cons.

Case studies:

Croatia's decision to join the euro?

Case study: Is the dollar in decline?

Reading

Aizeman, J., (2017), “The Impossible Trinity (aka the Policy Trilemma),” in J.A. Frieden, D.A. Lake and J. L. Broz (eds), *International Political Economy*, 6th edition, W.W. Norton & Company, pp. 211-220. (c)

Rodrik (2011), *The Globalization Paradox: Democracy and the Future of the World Economy*, W. W. Norton, Ch 5 (c)

Frieden, J. A. (2007), “Globalization and Exchange Rate Policy,” in E. Zedillo (ed.), *The Future of Globalization: Explorations in Light of Recent Turbulence*, Routledge, pp. 344-357. (l)

Farrell, H. and Newman, A. (2023), *Underground Empire: How America Weaponized the World Economy*, Henry Holt, pp. 17-23 and 60-79. (c)

2/14 Interdependence and power

This class will explore the concept of power as it is understood in IPE. We will pay particular attention to interdependence and how it can be a source of power.

Case studies:

Sanctions on Russia

US semiconductor restrictions

Reading

Strange, S. (1988), *States and Markets*, Pinter, pp. 23-32. (c)

Keohane, R. O. and Nye, J. S. (2001), *Power and Interdependence*, 3rd ed, Longman, 7-17 (c)

Hirschman, A. O. (1945), *National Power and the Structure of Foreign Trade*, University of California Press, 13-40. (c)

Baldwin, D. A. (2020), *Economic Statecraft*, 2nd edition, Princeton University Press, xi-xxiii. (c)

Kapstein, E. B. (2020), “Afterword: Economic Statecraft: Continuity and Change,” in Baldwin, D. A., *Economic Statecraft*, 2nd edition, Princeton University Press, 391-405 and 428-430. (c)

Farrell, H. and Newman, A. (2019), “Weaponized Interdependence: How Global Economic Networks Shape State Coercion,” *International Security*, 44/1, 43-58 and 74-9. (l)

Farrell, H. and Newman, A. L. (2021), "Weaponized Interdependence and Networked Coercion: A Research Agenda," in D. W. Drezner, H. Farrell, and A. L. Newman (eds), *The Uses and Abuses of Weaponized Interdependence*, Brookings Institution Press: 305-322. (c)

2/21 Negotiations

This class will introduce the metaphor of the two-level game, which links domestic politics with international negotiations. It will consider how interdependence affects bargaining power.

Case studies:

USMCA

UK-EU comprehensive trade agreement

Reading

Axelrod, R. and Keohane, R. O. (1985), 'Achieving Cooperation Under Anarchy: Strategies and Institutions,' *World Politics*, 38/1: 226-54. (l)

Krasner, S. D. (1991), "Global Communications and National Power: Life on the Pareto Frontier," *World Politics*, 43/3, April, 336-66. (l)

Putnam, R. D. (1988), "Diplomacy and domestic politics: The logic of two-level games," *International Organization*, 42/3. 427-60. (l)

Moravcsik, A. (1993), "Introduction: Integrating International and Domestic Theories of International Bargaining," in P. B. Evans, H. K. Jacobson and R. D. Putnam (eds), *Double-Edged Diplomacy: International Bargaining and Domestic Politics*, University of California Press, 23-32. (c)

Mayer, F. W. (1998), *Interpreting NAFTA: The Science and Art of Political Analysis*, Columbia University Press, conclusion. (c)

Risse, T. (2000) "'Let's Argue!': Communicative Action in World Politics,' *International Organization*, 54/1, 2000, 1-39. (l)

2/28 Institutional design and effectiveness

This class draws attention to the design of international institutions; countries bargain over the form as well as the substance of cooperation. We will consider

these issues in the context of the world's most potent international economic institution – the World Trade Organization.

Case studies:

WTO dispute settlement and developing countries
US objections to WTO dispute settlement

Reading

Koremenos, B., Lipson, C. and Snidal, D. (2001), “The Rational Design of International Institutions,” *International Organization*, 55/4, 761-99. (l)

Downs, G. W., Rocke, D. M. and Barsoom, P. N. (1996), “Is the good news about compliance good news about cooperation?” *International Organization*, 50/3, 379-406. (l)

Chaudoin, S., Kucik, J. and Pelc, K. (2016), “Do WTO Disputes Actually Increase Trade?” *International Studies Quarterly*, 60/2: 294-306. (l)

Young, A. R. (2021), *Supplying Compliance with Trade Rules: Explaining the EU's Response to Adverse WTO Rulings*, Oxford University Press: 1-10; 29-34; 174-180; 184-186. (c)

3/6 Economic crises

While the free flow of capital brings benefits – not least lower borrowing costs – it can also have downsides, including currency crises and debt crises. This class will examine the different types of economic crises and how they can be interconnected. It will also examine their political consequences and the policy lessons drawn from them.

Case studies:

Asian financial crisis
Greek debt crisis

Reading

Rodrik (2011), *The Globalization Paradox: Democracy and the Future of the World Economy*, W. W. Norton, Ch. 6. (c)

Sachs, J., Tornell, A. and Valasco, A. (1996), “Financial Crises in Emerging Markets: The Lessons from 1995,” NBER Working Paper 5576 (National Bureau of Economic Research), May. Available at:

https://www.nber.org/system/files/working_papers/w5576/w5576.pdf. (w)

Chinn, M. D. and Frieden, J.A. (2017), "Borrowing, Boom, and Bust: The Capital Flow Cycle," in in J.A. Frieden, D.A. Lake and J. L. Broz (eds), *International Political Economy*, 6th edition, W.W. Norton & Company, pp. 232-251. (c)

Frieden, J.A. (2015), "The Political Economy of Adjustment and Rebalancing," *Journal of International Money and Finance*, 52/1, 4-14. (l)

Mosely, L. and Rosendorf, B. P. (2023), "The Unfolding Sovereign Debt Crisis," *Current History*, 122 (840): 9-14. (w)

3/13 Environment

Environmental harm is a side-effect of economic activity. Efforts to mitigate environmental harm, therefore, can have distributional implications within and between countries. This class focuses on environmental problems that span national borders, specifies the problem characteristics associated with different types of environmental harm and examines how multilateral environmental agreements (MEAs) are negotiated.

Case studies:

Ozone layer

Climate change

Reading

Mitchell, R. B. et al (2020), "What We Know (and Could Know) About International Environmental Agreements," *Global Environmental Politics*, 20/1: 103-114. (l).

Haas, P.M. (1992), "Introduction: Epistemic Communities and International Political Coordination," *International Organization*, 46/1: 1-35. (l)

Keohane, R. O. and Victor, D. G. (2016), "[Cooperation and Discord in Global Climate Policy](#)," *Nature Climate Change*, 6: 570-575. (w)

Levy, M.A., Keohane, R. O. and Haas, P. M. (1993), 'Improving the Effectiveness of International Environmental Institutions,' in P.M. Haas, R.O. Keohane and M.A. Levy (eds), *Institutions for the Earth*, MIT Press. (c)

3/20 No class: Spring break

3/27 Development

This class will draw on earlier course material to consider what is the aim of development and how it might be achieved. It will focus on how the international system facilitates or impedes development.

Discussion: Does globalization facilitate or impede development?

Reading

Nunn, N. (2009), "The Importance of History for Economic Development," *Annual Review of Economics*, 1: 65-92. (l)

Commission for Africa (2005), "[Our Common Interest](#)," March, Sections 2.3 and 2.4 and 2.5 (pp. 105-18). (w)

Wallerstein, I. (1974), *The Modern World-System* Volume I, Academic Press: Ch. 7. (l)

Velasco, A. (2002), "Dependency Theory," *Foreign Policy*, 133, 44-45. (l)

Krueger, A. O. (1997), "Trade Policy and Economic Development: How We Learn," *The American Economic Review*, 87/1, 1-22. (l)

Felipe, J., Abdon, A., Kumar, U. (2012), "[Tracking the middle-income trap: What is it, who is in it, and why?](#)," Working Paper, No. 715, Levy Economics Institute of Bard College. (w)

Rodrik (2011), *The Globalization Paradox: Democracy and the Future of the World Economy*, W. W. Norton, Ch. 7 (c)

4/3 Globalization and the state

This class draws together the course material to consider what globalization is and what it implies for state autonomy and capacity.

Discussion: Are markets more powerful than states?

Reading

Strange, S. (1995), "The Limits of Politics," *Government and Opposition*, 30/3, 291-311. (l)

Rodrik, D. (2007), "[The Inescapable Trilemma of the World Economy](#)," Dani Rodrik's weblog, 27 June. (w)

Hay, C. (2017), "Globalization's Impact on States," in J. Ravenhill (ed.), *Global Political Economy*, 5th edn. Oxford University Press, 287-315. (c)

Baldwin, R. (2018), "[Globalization is Close to its 'Holy Cow' Moment](#)," *Chicago Booth Review*, 30 April. (w)

Wolff, M. (2022), "Globalization is Not Dying, It's Changing," *Financial Times*, 13 September. (w or l).

4/10 Presentations I

4/17 Presentations II

4/24 Term papers due