

*University of Georgia*  
*International Affairs 4230, Spring 2009*

**International Political Economy**

**Prof. Maurits van der Veen**

**Class**

Tuesday & Thursday 9:30-10:45  
Location: SLC 268  
Office hours: Wed. 2-4pm & by appt.

**Office**

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**Course description**

This course analyzes the politics of international economic relations, investigating the roots and evolution of the international political economy since World War II, and focusing on the rise and implications of global economic governance and globalization. We will deal with questions such as “Why do governments adopt particular international economic policies?”, “Why do states often have trouble cooperating economically?”, “When are governments likely to promote or oppose globalization?”, and “What do we expect the international political economy to look like 10 years from today?”

The course will deal with the interplay between politics and economics in a range of different issue areas, including the international financial system and its management (IMF, World Bank, etc.), the international trading system and its evolution (GATT, WTO, etc.), attempts at regional economic integration (the European Union, NAFTA), changes in the patterns of world production, the role of multinational corporations, and trends in the international distribution of power and wealth in the post-Cold War world. We will also study issues of debt and development, and attempts at political and economic liberalization around the world since the 1990s, from Africa to Indonesia and from Mexico to Russia and China.

Analytically, the course will focus on the relationships between states, markets, and ideas; power, wealth, and capabilities; forms of conflict and cooperation; and the role of historical and institutional legacies. Over the course of the semester, we will follow a two-track approach. The first track will concentrate on providing the theoretical framework and the empirical context for the various topics listed above, while the second track will focus on analyzing contemporary events in each of these areas. You will find that the two tracks reinforce each other and that your ability to analyze current events will grow considerably over the course of the term.

## **Course policies & requirements**

Although you may find some of the reading hard going at first, you will find that doing the reading before class will increase what you get out of the lectures and discussions immeasurably. Moreover, you should be prepared to ask and answer questions about the reading in lecture. 10% of your grade will be based on class participation, which will be judged in terms of the quality, not the quantity, of your contributions. In addition, there will be five unannounced quizzes given in class. These will serve both to encourage your attendance and to check whether you are doing the reading. The quizzes are worth 2% of your grade each.

Finally, there will be two midterm exams and an 8-10 page final paper, but no final exam. The midterm exams will be worth 25% of your total grade each. They will be identical in set-up, and each will consist of a brief multiple choice section, a short answer section, and an essay question. The paper will be worth 30% of your overall grade. You will write an analysis of the experiences of a particular developing country in the global economy. The assignment will be due on April 30th.

## **Additional policies & comments**

You need to let me know ahead of time if you cannot make a class. After-the-fact excuses for missing class on days that happened to feature a quiz are unlikely to be accepted. The same goes for the midterm exams: do not expect to e-mail me a day later with a flimsy excuse and expect to be able to take a make-up exam without penalty. Similarly, if you need an extension on your paper, and have a good reason, let me know in advance. Unapproved late submissions of the paper will be penalized one half of a full grade per day.

If you wish to drop the course before the first midterm, you will get a grade of W. Once you've taken the first midterm, you can no longer withdraw without getting a grade of WF.

I take violations of academic honesty very seriously. All academic work must meet the standards contained in "A Culture of Honesty" ([www.uga.edu/ovpi/honesty/ah.pdf](http://www.uga.edu/ovpi/honesty/ah.pdf)). All students are responsible to inform themselves about those standards before performing any academic work. If you commit plagiarism and I discover it, you will at the very least fail the course. Depending on the seriousness of the offense, I may also push for more severe penalties.

Finally, although it is a handy source for quickly finding information about any topic, wikipedia is not an acceptable source for your research paper. The quality of the information provided is simply insufficiently reliable for the purpose of real research.

## **Office hours &c**

My office hours are Wednesdays, 2-4pm and by appointment. Please do come see me if you have any questions on or problems with the reading material, the writing assignment, or the course in general. If you need to reach me to make an appointment, I am most easily reached by e-mail.

## Readings

The following 3 books are available for purchase at the UGA Bookstore:

- Collier, Paul. 2008. *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*. New York, NY: Oxford University Press.
- Gilpin, Robert. 2001. *Global Political Economy: Understanding the International Economic Order*. Princeton, NJ: Princeton University Press.
- Ravenhill, John. 2008. *Global Political Economy*. New York, NY: Oxford University Press.

There will be no reading packet. All articles on the syllabus are available online through the Electronic Journals feature of the UGA library website. If you do not know how to access these readings electronically or in print, please ask someone (a fellow student, a librarian, or me)!

In addition, there will be regular reading assignments of relevant articles on new developments in the current global financial crisis in newspapers such as the *Financial Times*, the *New York Times* and the *Economist*. These, too, will be available electronically. Links to them will be provided by email and on the course website.

## Calendar

### I. Introduction

Thu. Jan. 8 ***Introduction; overview of course***

- Ravenhill: “The Study of Global Political Economy”, chapter 1 in Ravenhill.

Tue. Jan. 13 ***Globalization: What is it and why should we care?***

- Ravenhill, pp. 279-296.
- Keohane, Robert O., and Joseph S. Nye. 2000. “Globalization: What’s New, What’s Not (And So What)?” *Foreign Policy*, nr. 118, pp. 104-119.
- “Globalization Index 2007.” *Foreign Policy*, November/December 2007.

#### *Recommended*

- Rodrik, Dani. 1997. “Sense and Nonsense in the Globalization Debate.” *Foreign Policy* 107:19-37.

Thu. Jan. 15 ***Basic concepts & theoretical framework***

- Watson: “Theoretical Traditions in Global Political Economy”, chapter 2 in Ravenhill.
- Ravenhill, pp. 296-306.

*Recommended*

- Gilpin, chapters 1-2 (pp. 3-45)

## II. The Politics of International Trade

Tue. Jan. 20 *Basic overview; the logic of comparative advantage*

- “The Theory of Comparative Advantage”. pp. 132-133 in Ravenhill.
- Krugman, Paul. 1993. “What Do Undergrads Need to Know about Trade?” *American Economic Review* 83(2):23-26.
- Gilpin, chapter 8 (pp. 196-233).

Thu. Jan. 22 *Hegemons, free trade, and protectionism before WWII*

- pp. 137-143 in Ravenhill.
- Gourevitch, Peter A. 1977. “International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896.” *Journal of Interdisciplinary History* 8(2):281-313.
- Krasner, Stephen. 1976. “State Power and the Structure of International Trade.” *World Politics* 28(3):317-347.

*Recommended*

- Eichengreen, Barry. “The Political Economy of the Smoot-Hawley Tariff.” [www.nber.org/papers/w2001](http://www.nber.org/papers/w2001).

Tue. Jan. 27 *The domestic politics of trade*

- pp. 96-100 in Ravenhill.
- Rogowski, Ronald. “Commerce and Coalitions: How Trade Affects Domestic Political Alignments.” *American Political Science Review* 81(4):1121-1137.
- Milner, Helen. 1987 “Resisting the Protectionist Temptation: Industry and the Making of Trade Policy in France and the United States during the 1970s.” *International Organization* 41(1):639-665.

*Recommended*

- Mankiw, N. Gregory, and Phillip L. Swagel. 2005. “Anti-dumping: The Third Rail of Trade Policy.” *Foreign Affairs*, July/August.

Thu. Jan. 29 *Trade and jobs*

- Krugman, Paul, and Robert Lawrence. 1994. “Trade, Jobs, and Wages.” *Scientific American*, April: 44-49.
- Krugman, Paul. 1994. “Does Third World Growth Hurt First World Prosperity?” *Harvard Business Review* July: 113-121.

- Krugman, Paul. 1994. “The Illusion of Conflict in International Trade.” *Peace Economics, Peace Science and Public Policy*, 2(2): 9-18.
- Blinder, Alan S. “Offshoring: The Next Industrial Revolution?” *Foreign Affairs*, March/April 2006.

Tue. Feb. 3 ***Multinational corporations***

- Thun: “The Globalization of Production” pp. 346-361 in Ravenhill.
- Gilpin, chapter 11 “The State and Multinationals.” (pp. 278-304).
- Thornton, William H. 2007. “Sino-Globalization: Politics of the CCP/TNC Symbiosis.” *New Political Science* 29(2):211-235.

Thu. Feb. 5 ***Regional integration***

- Ravenhill: “Regionalism.” pp. 172-196.
- Gilpin, chapter 13 “The Political Economy of Regional Integration.” pp. 341-376.

*Recommended*

- Krugman, Paul. 1993. “The Uncomfortable Truth about NAFTA.” *Foreign Affairs*, November/December.

Tue. Feb. 10 ***Multilateral trade negotiations & the WTO***

- Wintham: “The Evolution of the Global Trade Regime.” pp. 152-169 in Ravenhill.
- Hills, Carla A. 2005. “The Stakes of Doha.” *Foreign Affairs*, Dec.

*Recommended*

- Bhagwati, Jagdish. 2005. “From Seattle to Hong Kong.” *Foreign Affairs*, Dec.
- Barshefsky, Charlene. 2005. “With or Without Doha.” *Foreign Affairs*, Dec.

### **III. The Politics of International Finance**

Thu. Feb. 12 ***Monetary politics & exchange rate regimes***

- Ravenhill, pp. 106-111.
- Gilpin, chapter 9 “The International Monetary System (pp. 234-260).
- Helleiner, Eric. “A Fixation with Floating: The Politics of Canada’s Exchange Rate Regime.” *Canadian Journal of Political Science* 38(1):23-44.

*Recommended*

- Gallarotti, Giulio M. 2007. “Monetary Darwinism: The Political Economy of Monetary Relations.” *Contemporary European History* 16(4):529-544.

Tue. Feb. 17 ***The gold standard & Bretton Woods***

- Ravenhill, pp. 214-224.
- Eichengreen, Barry, and Peter Temin. 1997. "The Gold Standard and the Great Depression." NBER Working Paper 6060. ([www.nber.org/papers/w6060](http://www.nber.org/papers/w6060))

Thu. Feb. 19 **Movie: *The Wizard of Oz***

- Rockoff, Hugh. 1990. "The 'Wizard of Oz' as a Monetary Allegory." *Journal of Political Economy*, 98(4):739-760.

Tue. Feb. 24 ***Financial politics & the IMF***

- Ravenhill, pp. 233-239.
- Gilpin, chapter 10 "The International Financial System" (pp. 261-277).
- Oatley, Thomas, and Jason Yackee. "American Interests and IMF Lending." *International Politics* 41(3):415-429. [www.unc.edu/~toatley/IMF.pdf](http://www.unc.edu/~toatley/IMF.pdf)

Thu. Feb. 26 ***Dollarization & Monetary Integration***

- Ravenhill, pp. 224-233.
- Steil, Benn. 2007. "The End of National Currency." *Foreign Affairs*, May/June.
- Cohen, Benjamin. 2005. "Dollarization Rest in Peace," *International Journal of Political Economy* 33(1): 4-20.

*Recommended*

- Krugman, Paul. 1999. "Monomoney Mania." Slate.com, April 15.
- Hausmann, Ricardo. 1999. "Should there be five currencies or one hundred and five?" *Foreign Policy*, nr. 116 (Fall), pp. 65-79.

Tue. Mar. 3 ***International Financial Crises***

- Ravenhill, chapter 8.

Thu. Mar. 5 **Midterm 1**

*March 10-14: Spring Break*

**IV. National Economies and Development in a Globalized World**

Tue. Mar. 17 ***National systems of political economy***

- Gilpin, chapter 7 "National Systems of Political Economy." (pp. 148-195).
- Krugman, Paul. 1991. "Myths and Realities of U.S. Competitiveness." *Science*, Nov.: 811-815.

Thu. Mar. 19 ***The state and economic development***

- Gilpin, chapter 12: “The State and Economic Development.” (pp. 305-340).
- Bueno de Mesquita, Bruce, and George W. Downs. 2005. “Development and Democracy.” *Foreign Affairs*, Sept./Oct.
- Rodrik, Dani. 2001. “Trading in Illusions.” *Foreign Policy*, March/April, pp. 55-62.

Tue. Mar. 24 ***Development in the South***

**Paper assignment handed out**

- Ravenhill, chapter 13.
- Victor, David G. 2006. “Recovering Sustainable Development.” *Foreign Affairs*, January/February.

Thu. Mar. 26 ***Patterns of reform and success***

- Sutherland, Peter D. 2008. “Transforming Nations: How the WTO Boosts Economies and Opens Societies.” *Foreign Affairs*, March/April.
- Fallows, James. 2007. “China Makes, the World Takes.” *Atlantic Monthly* July/Aug.
- Das, Gurcharan. 2006. “The India Model.” *Foreign Affairs*, July/August

*Recommended*

- Gilboy, George J. 2004. “The Myth Behind China’s Miracle.” *Foreign Affairs*, July/August.
- Lewis, Peter. 1996. “Economic Reform and Political Transition in Africa: The Quest for a Politics of Development.” *World Politics*, 92-129.

Tue. Mar. 31 ***Helping poor countries? Debt, debt relief, and aid***

- “The FP Index: Ranking the Rich.” *Foreign Policy* Sept/Oct. 2006.
- Birdsall, Nancy, Dani Rodrik, and Arvind Subramanian. 2005. “How to Help Poor Countries.” *Foreign Affairs*, July/August 2005.
- Easterly, William. 2001. “Debt Relief.” *Foreign Policy* Nov./Dec., pp. 20-26.

*Recommended*

- Thomas, M.A. 2001. “Getting Debt Relief Right.” *Foreign Affairs*, Sept./Oct., 36-45.
- Mallaby, Sebastian. 2005. “Saving the World Bank.” *Foreign Affairs*, May/June.

Thu. Apr. 2 ***Helping the Bottom Billion 1: Challenges***

- Collier, chapters 1-3

Tue. Apr. 7 ***Helping the Bottom Billion 2: Solutions?***

- Collier, chapters 4-5
- Sachs, Jeffrey D. 2005. “The Development Challenge.” *Foreign Affairs*, March/April.

Thu. Apr. 9 **Midterm 2**

**V. The Future of the Global Political Economy**

Tue. Apr. 14 *The state and globalization*

- Ravenhill, chapter 10.
- Gilpin, chapter 14. “The Nation-State in the Global Economy.” pp. 362-376.

*Recommended*

- Pastor, Manuel, and Carol Wise. 2001. “From Poster Child to Basket Case.” *Foreign Affairs*, November/December, pp. 60-72.

Thu. Apr. 16 *Do states compete?*

- Wolf, Martin. 2001. “Will the Nation-State Survive Globalization?” *Foreign Affairs*, January/February, pp. 178-190.
- Krugman, Paul. 1994. “Competitiveness: A Dangerous Obsession.” *Foreign Affairs* 73(2) March/April.
- Christensen, Clayton, Thomas Craig, and Stuart Hart. 2001. “The Great Disruption.” *Foreign Affairs*, March/April.

*Recommended*

- Drezner, Daniel W. 2000. “Bottom Feeders.” *Foreign Policy*, Nov./Dec., pp. 64-70.

Tue. Apr. 21 *International financial crises*

- Lane, Timothy. 1999. “The Asian Financial Crisis: What Have We Learned?” *Finance & Development* 36(3).
- Woo, Wing Thy. 2007. “The Asian Financial Crisis: A Ten-Year Retrospective on the Winds of Fortune.” *Brookings Institution*.  
[http://www.brookings.edu/opinions/2007/0628globaleconomics\\_woo.aspx](http://www.brookings.edu/opinions/2007/0628globaleconomics_woo.aspx)
- Krugman, Paul. 1999. “The Return of Depression Economics.” *Foreign Affairs*, 78(1).
- Fallows, James. 2008. “Be Nice to the Countries That Lend You Money” *Atlantic Monthly*, Dec.
- Blodget, Henry. 2008. “Why Wall Street Always Blows It” *Atlantic Monthly*, Dec.

*Recommended*

- Noble, Gregory W., and John Ravenhill. 2000. “Causes and Consequences of the Asian Financial Crisis.” in Noble & Ravenhill, eds. *The Asian Financial Crisis*.

Thu. Apr. 23 *Governance in the global economy: local and global*

- Gilpin, chapter 15. “Governing the Global Economy.” pp. 377-402.

- Nye, Joseph S. 2001. “Globalization’s Democratic Deficit.” *Foreign Affairs*, July/August.
- Krugman, Paul. 1995. “The Localization of the World Economy.” *New Perspectives Quarterly* 12(1):34-38.

*Recommended*

- Scott, Bruce R. 2001. “The Great Divide in the Global Village.” *Foreign Affairs*, January/February, pp. 160-177.

Tue. Apr. 28    ***Conclusions & Wrap-up***

- Rapley, John. 2006. “The New Middle Ages.” *Foreign Affairs*, May/June.
- Readings TBA

Thu. Apr. 30    **Paper due @ noon** (no class)