

*University of Georgia*  
*International Affairs 4230, Fall 2006*

**International Political Economy**

**Prof. Maurits van der Veen**

**Class**

Tuesday & Thursday 12:30-1:45  
Location: SLC 348  
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 handed out on Thursday, November 16th, and the paper will be due three weeks later, on December 7th.

### **The small print (i.e. things that should be obvious but don't always seem to be)**

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:

- Frieden, Jeffrey, and David A. Lake. 2000. *International Political Economy: Perspectives on Global Power and Wealth*. (4<sup>th</sup> ed.) Boston: Bedford/St. Martin's.
- Gilpin, Robert. 2001. *Global Political Economy: Understanding the International Economic Order*. Princeton, NJ: Princeton University Press.
- Stiglitz, Joseph, and Andrew Charlton. 2006. *Fair Trade for All: How Trade Can Promote Development*. Oxford: 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 global political economy in newspapers such as the *New York Times* and the *Economist*. These, too, will be available electronically. Links to them will be provided in class and on the course website.

## Calendar

### I. Introduction

Thu. Aug. 17 *Introduction; overview of course*

Tue. Aug. 22 *Globalization: What is it and why should we care?*

- 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.
- "Measuring Globalization: Economic Reversals, Forward Momentum." *Foreign Policy*, March/April 2004.
- Garrett, Geoffrey. "Globalization's Missing Middle." *Foreign Affairs*, Nov/Dec. 2004.
- Ferguson, Niall. "Sinking Globalization." *Foreign Affairs*, March/April 2005.

#### *Recommended*

- "Measuring Globalization" *Foreign Policy*, Jan.-Feb. 2001, pp. 56-65.  
(notice how their approach changed between 2001 and 2004)
- Rodrik, Dani. "Sense and Nonsense in the Globalization Debate." in Frieden & Lake, pp. 461-470.

Thu. Aug. 24 ***Basic concepts & theoretical framework***

- Gilpin, chapters 1-2 (pp. 3-45)
- Frieden & Lake, chapter 1 (pp. 1-16).

**II. The Politics of International Trade**

Tue. Aug. 29 ***Basic overview; the logic of comparative advantage***

- Krugman, Paul. 1993. “What Do Undergrads Need to Know about Trade?” *American Economic Review* 83(2):23-26.
- \* Stokes, Bruce. 1999. “The Protectionist Myth.” *Foreign Policy* 117:88-102.
- Gilpin, chapter 8 (pp. 196-233).

Thu. Aug. 31 ***Hegemons, free trade, and protectionism before WWII***

- Lake, David A. “British and American Hegemony Compared: Lessons for the Current Era of Decline.” in Frieden & Lake, pp. 127-139.
- Krasner, Stephen. “State Power and the Structure of International Trade.” pp. 19-36 in Frieden & Lake.
- Eichengreen, Barry. “The Political Economy of the Smoot-Hawley Tariff.” pp. 37-46 in Frieden & Lake.

*Recommended*

- Gourevitch, Peter. “International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896.” in Frieden & Lake, pp. 90-108.

Tue. Sep. 5 ***The domestic politics of trade***

- Rogowski, Ronald. “Commerce and Coalitions: How Trade Affects Domestic Political Alignments.” pp. 318-326 in Frieden & Lake.
- 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.
- Mankiw, N. Gregory, and Phillip L. Swagel. 2005. “Anti-dumping: The Third Rail of Trade Policy.” *Foreign Affairs*, July/August.

Thu. Sep. 7 ***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. Sep. 12 ***Multinational corporations***

- Gilpin, chapter 11 “The State and Multinationals.” (pp. 278-304).
- Caves, Richard E. “The Multinational Enterprise as an Economic Organization.” pp. 145-155 in Frieden & Lake.
- Fieldhouse, David. “A New Imperial System? The Role of the Multinational Corporations Reconsidered.” pp. 167-179 in Frieden & Lake.

*Recommended*

- Stopford, John. 1998. “Multinational Corporations.” *Foreign Policy* 113:12-24.

Thu. Sep. 14 ***Regional integration***

- Gilpin, chapter 13 “The Political Economy of Regional Integration.” pp. 341-376.
- Krugman, Paul. 1993. “The Uncomfortable Truth about NAFTA.” *Foreign Affairs*, November/December.
- Cox, Ronald W. “Explaining Business Support for Regional Trade Agreements.” pp. 366-376 in Frieden & Lake.

Tue. Sep. 19 ***Multilateral trade negotiations & the WTO: The Doha round***

- Bhagwati, Jagdish. 2005. “From Seattle to Hong Kong.” *Foreign Affairs*, Dec.
- Hills, Carla A. 2005. “The Stakes of Doha.” *Foreign Affairs*, Dec.
- Barshefsky, Charlene. 2005. “With or Without Doha.” *Foreign Affairs*, Dec.  
(all 3 articles from *Foreign Affairs*’ special WTO edition)

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

Thu. Sep. 21 ***Monetary politics & exchange rate regimes***

- Gilpin, chapter 9 “The International Monetary System (pp. 234-260).
- Cohen, Benjamin J. “The Triad and the Unholy Trinity: Problems of International Monetary Cooperation.” pp. 245-256 in Frieden & Lake.
- Eichengreen, Barry. “Hegemonic Stability Theories of the International Monetary System.” pp. 220-244 in Frieden & Lake.

Tue. Sep. 26 ***The gold standard***

- Eichengreen, Barry. “Introduction.” in *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939*. pp. 3-12.  
(pick up & copy from outside 324 Candler)
- Broz, Lawrence. “The Domestic Politics of International Monetary Order: The Gold Standard.” pp. 199-219 in Frieden & Lake.

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

Thu. Sep. 28 **Movie:** *The Wizard of Oz*

Tue. Oct. 3 ***Financial politics & the IMF***

- Gilpin, chapter 10 “The International Financial System” (pp. 261-277).
- Wade, Robert. 1998. “The Coming Fight over Capital Flows.” *Foreign Policy* 113:41-54.
- Birdsall, Nancy. 2003. “Why It Matters Who Runs the IMF and the World Bank.” Center for Global Development Working Paper 22. (<http://www.cgdev.org/content/publications/detail/2768>)

Thu. Oct. 5 ***Dollarization & Monetary Integration***

- 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.
- Berg, Andrew, and Eduardo Borensztein. 2000. “The Dollarization Debate.” *Finance & Development*, 37(1).
- Wyplosz, Charles. “EMU: Why and How It Might Happen.” pp. 270-280 in Frieden & Lake.
- Ferguson and Kotlikoff. 2000. “The Degeneration of the EMU.” *Foreign Affairs*, 79(2): 110-121.

*Recommended*

- Sachs, Jeffrey, and F. Larrain. 1999. “Why Dollarization is More Straitjacket than Salvation.” *Foreign Policy*, nr. 116 (Fall), pp. 80-92.

Tue. Oct. 10 **Midterm 1**

#### **IV. Competitiveness and the Organization of the Economy**

Thu. Oct. 12 ***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.

Tue. Oct. 17 ***International competitiveness***

- Krugman, Paul. 1994. “Competitiveness: A Dangerous Obsession.” *Foreign Affairs* 73(2) March/April.

- Hart, Jeffrey A., and Aseem Prakash. “Strategic Trade and Investment Policies: Implications for the Study of International Political Economy.” pp. 180-191 in Frieden & Lake.
- Reich, Robert B. 1990. “Who Is Us?” *Harvard Business Review*, 90:53-64.
- Kapstein, Ethan B. 1991 “We Are Us: The Myth of the Multinational.” *The National Interest* pp. 55-62.

*Recommended*

- Christensen, Clayton, Thomas Craig, and Stuart Hart. 2001. “The Great Disruption.” *Foreign Affairs*, March/April.

## V. Development and North-South Relations

### Thu. Oct. 19 *The state and economic development*

- Gilpin, chapter 12: “The State and Economic Development.” (pp. 305-340).
- Broad, Robin, John Cavanagh, and Walden Bello. “Development: The Market Is Not Enough.” pp. 392-404 in Frieden & Lake.
- Sachs, Jeffrey D. 2005. “The Development Challenge.” *Foreign Affairs*, March/April.

*Recommended*

- Rodrik, Dani. 2001. “Trading in Illusions.” *Foreign Policy*, March/April, pp. 55-62.

### Tue. Oct. 24 *Patterns of reform and success*

- Das, Gurcharan. 2006. “The India Model.” *Foreign Affairs*, July/August
- 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.

*Recommended*

- Stiglitz & Charlton, chapters 1-2 (pp. 1-40)
- Krugman, Paul. 1994 “The Myth of Asia’s Miracle.” *Foreign Affairs*, November/December.

### Thu. Oct. 26 *Fall Break*

### Tue. Oct. 31 *Pitfalls of reform and success*

- Noble, Gregory W., and John Ravenhill. 2000. “Causes and Consequences of the Asian Financial Crisis.” in Noble & Ravenhill, eds. *The Asian Financial Crisis*. (pick up and copy from outside 324 Candler Hall)
- Krugman, Paul. 1999. “The Return of Depression Economics.” *Foreign Affairs*, 78(1).
- Pastor, Manuel, and Carol Wise. 2001. “From Poster Child to Basket Case.” *Foreign Affairs*, November/December, pp. 60-72.

Thu. Nov. 2 ***Helping poor countries? Debt, debt relief, and aid***

- “The FP Index: Ranking the Rich.” *Foreign Policy* Sept/Oct. 2006.
  - Easterly, William. 2001. “Debt Relief.” *Foreign Policy* November/December, pp. 20-26.
  - Birdsall, Nancy, Dani Rodrik, and Arvind Subramanian. 2005. “How to Help Poor Countries.” *Foreign Affairs*, July/August 2005.
  - Mallaby, Sebastian. 2005. “Saving the World Bank.” *Foreign Affairs*, May/June.
- Recommended*
- Stiglitz & Charlton, chapters 3-4 (pp. 40-66)
  - Thomas, M.A. 2001. “Getting Debt Relief Right.” *Foreign Affairs*, Sept./Oct., 36-45.

Tue. Nov. 7 ***Fair Trade for All? Principles & Priorities***

- Stiglitz & Charlton, chapters 5-8 (pp. 67-132)

Thu. Nov. 9 ***Fair Trade for All? Institutional Reforms***

- Stiglitz & Charlton, chapters 9-13 (pp. 133-214)

Tue. Nov. 14 **Midterm 2**

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

Thu. Nov. 16 ***The state and globalization*** **Paper assignment handed out**

- Gilpin, chapter 14. “The Nation-State in the Global Economy.” pp. 362-376.
- Wolf, Martin. 2001. “Will the Nation-State Survive Globalization?” *Foreign Affairs*, January/February, pp. 178-190.
- Drezner, Daniel W. 2000. “Bottom Feeders.” *Foreign Policy*, Nov./Dec., pp. 64-70.

Tue. Nov. 21 ***Identities, cultures, and globalization***

- Barber, Benjamin R. 1992. “Jihad vs. McWorld.” *The Atlantic Monthly* (March), pp. 53-63.
- Huntington, Samuel. 1993. “The Clash of Civilizations.” *Foreign Affairs*, 72(3):22-49.
- Fukuyama, Francis. 1989. “The End of History.” *National Interest*, 16:3-18.

Thu. Nov. 23 ***Thanksgiving break***

Tue. Nov. 28 ***Energy politics***

- Friedman, Thomas L. 2006. “The First Law of Petropolitics.” *Foreign Policy*.
- Zweig, David, and Bi Jianhai. 2005. “China’s Global Hunt for Energy.” *Foreign Affairs*, September/October.

- Leverett, Flynt, and Jeffrey Bader. 2005. “Managing China-US Energy Competition in the Middle East.” *Washington Quarterly* 29(1):187-201.

Thu. Nov. 30 ***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. “The Localization of the World Economy.” *New Perspectives Quarterly* 12(1):34-38, 1995.

*Recommended*

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

Tue. Dec. 5 ***Conclusions & Wrap-up***

- \* Kaplan, Robert D., and Robert Wright. 2001. “Mr. Order Meets Mr. Chaos.” *Foreign Policy*, May/June.
- Rapley, John. 2006. “The New Middle Ages.” *Foreign Affairs*, May/June.

Thu. Dec. 7 **Paper due @ noon** (no class)