

Duke University
Political Science 113
International Political Economy
Fall 2004

Lectures: TTh 4:25-5:40, Allen Building, Room 326
course website on <http://courses.duke.edu>

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office hours: Th 2:30 - 4:00pm

Purpose:

Political Science 113 is a course in the politics of international economic relations. You should gain from this course a better understanding of the interaction between political and economic phenomena on an international and global scale and learn useful tools for analyzing and assessing both current policy and historical developments.

We address questions such as: Why are tariffs and non-tariff barriers to trade high in some countries but low in others? Why do we have a free trade policy for most manufactured goods, but a protectionist policy for many agricultural goods? Why does the dollar go "up" or "down" vis-à-vis other currencies, and why is this a political issue? More generally, what are the causes and consequences of capital mobility? What—if anything—differentiates "globalization" today from earlier periods of economic openness? And does development aid help or harm developing countries? Does foreign direct investment by multinational corporations?

We examine the role of states, international and domestic institutions, and other factors in creating and/or managing conflicts and facilitating cooperation in the international political economy (IPE). We focus on the politics of trade and the politics of money and finance, but also look at development, regional integration and environmental issues in IPE. We focus on the U.S. in the world economy, but also consider other advanced industrialized countries as well as a number of developing countries. We do so using economics, political science, and occasionally other social science perspectives. I do not assume that you have any background in economics; I encourage taking Elements in International Relations (Political Science 93) prior to or simultaneously with this course, but doing so is not required.*

Requirements

Lectures and assigned readings are designed to complement each other, and I recommend doing the readings for each class in advance since this will allow you to get more out of lecture. In addition, I encourage you to follow international political and economic news regularly through one or more of the leading publications, such as the daily *Financial Times* (US edition) or the weekly *The Economist*. The course website will provide additional materials, useful links, etc. as warranted.

Your grade for the course will be calculated based on:

- in-class mid-term exam: 30%
- final exam: 60%
- class participation: 10%

* Some important issues in IPE—non-state actors and multinational corporations—will be covered only briefly in this course, since they are the main focus of two other courses: PS153, "International Business-Government Relations" (Spring 2005, Prof. Grieco) and PS158, "Transnational Relations: Non-State Actors in World Politics" (Fall 2004, Prof. Büthe).

I welcome active class participation and will allow some time at the end of most lectures for discussion, but we will not be able to discuss all the issues at length in class. I therefore encourage you to form study groups to go over the main theories and debates, especially those raised in the readings but not discussed in class.

Readings

The books below are available for purchase at the Duke Bookstore. Almost all of the required readings that are not contained in these books are available online via Duke's electronic journal holdings (indicated by "online" below), or they are on electronic reserves (e-res). The syllabus on the course website links directly to those online readings whenever possible (access may be restricted to students registered for the course). All required readings that are not available online are also on reserve at Perkins Library.

DR: Rodrik, Dani. *Has Globalization Gone Too Far?* Washington, D.C.: Institute for International Economics, 1997.

G&I: Grieco, Joseph M. and G. John Ikenberry. *State Power and World Markets: The International Political Economy*. New York: W. W. Norton, 2003.

GCD: Goddard, C. Roe, Patrick Cronin, and Kishore C. Dash, eds. *International Political Economy: State-Market Relations in a Changing Global Order*. 2nd edition. Boulder, CO: Lynne Rienner Publishers, 2003.

[Unfortunately out of print and therefore moved to "highly recommended" status:]

Dunn, John. *The Cunning of Unreason: Making Sense of Politics*. (First published London: HarperCollins, 2000.) New York: Basic Books, 2001.

INTRODUCTION

1. What is International Political Economy? (Tue, Aug 24)

G&I Grieco, Joseph M. and G. John Ikenberry. "Introduction." In Grieco & Ikenberry 2003: 1-18.

GCD Gilpin, Robert. "The Nature of Political Economy." In Goddard, Cronin and Dash, 2003: 9-24.

Highly recommended

Dunn, John. "Starting Out" In Dunn, 2000: 3-47.

2. Economic Approaches to the Study of International Trade (Thu, Aug 26)

G&I Grieco, Joseph M. and G. John Ikenberry. "The Economics of International Trade." In Grieco & Ikenberry, 2003: 19-56.

e-res Krugman, Paul. "Localization." In *Geography and Trade: The Gaston Eyskens Lectures 1991*. Cambridge, MA: MIT Press with the Leuven University Press, 1991: 35-67.

3. Political Approaches to the Study of International Trade: The Classics (Tue, Aug 31)

GCD Smith, Adam. "Excerpts from *The Wealth of Nations*." In Goddard, Cronin and Dash, 2003: 33-47.

G&I Marx, Karl and Friedrich Engels. "Excerpts from *Capital* and *Communist Manifesto*." In Goddard, Cronin and Dash, 2003: 151-165.

GCD Hamilton, Alexander. "Excerpts from *Report on Manufacturers*." In Goddard, Cronin and Dash, 2003: 85-98.

e-res Lenin, V. I. [Excerpts from:] "Imperialism: The Highest Stage of Capitalism." (First published as a pamphlet in 1916.) In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Jeffrey A. Frieden and David A. Lake. 3rd edition. New York: St. Martin's Press, 1995: 110-119.

online Tickner, J. Ann. "Three Models of Man: Gendered Perspectives on Global Economic Security." In *Gender in International Relations: Feminist Perspectives on Achieving Global Security*. New York: Columbia University Press, 1992: 67-96. [online via CIAO]

Recommended:

Dunn, John. "The State" In Dunn, 2000: 48-92.

Frieden, Jeffrey A. and David A. Lake. "International Politics and International Economics." In Goddard, Cronin and Dash, 2003: 25-32.

NOTE: No class on Thursday, September 2 due to the American Political Science Association Meeting

4. International Trade in Historical Perspective (Tue, Sep. 7)

e-res O'Rourke, Kevin H. and Jeffrey G. Williamson. "Transport Revolutions and Common Market Integration." [and] "Lessons from History." In *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy*. Cambridge, MA: MIT Press, 1999: 29-55, 269-287.

e-res Spero, Joan Edelman and Jeffrey A. Hart. "International Trade and Domestic Politics" In *The Politics of International Economic Relations*. 6th edition. Belmont, CA: Thomson/Wadsworth, 2003: 66-116.

G&I Grieco, Joseph M. and G. John Ikenberry. "The Political Foundations of the World Economy." In Grieco & Ikenberry, 2003: esp. 92-99, 110-123.

Recommended

Held, David, et al. "Global Trade, Global Market." *Global Transformations: Politics, Economics and Culture*. Stanford: Stanford University Press, 1999: 149-188.

5. Managing Conflict & Cooperation in the International Political Economy through Institutions (Thu, Sep. 9)

G&I Grieco, Joseph M. and G. John Ikenberry. "State Power and the Promotion of National Interests through Economic Integration." [and] "Mechanisms for Governance, Reform, and Expansion of the World Political Economy." In Grieco & Ikenberry, 2003: esp. 124-148, 288-315.

e-res Sylvester, Christine. "Reginas in International Relations: Occlusions, Cooperations, and Zimbabwean Cooperatives." In *The Global Economy as Political Space*, edited by Stephen J. Rosow, Naeem Inayatullah, and Mark Rupert. Boulder, CO: Lynne Rienner, 1994: 109-126.

GCD Cronin, Patrick. "The Doha Round: Prospects for the Rules-Based Trading System." In Goddard, Cronin, and Dash, 2003: 369-390.

+ case materials on *WTO Dispute Settlement Mechanism (TBA)*

6. Sources of Foreign Economic Policy (Tue, Sep. 14)

e-res Krasner, Stephen D. [Selections from:] "A Statist Approach to the Study of Foreign Policy." In *Defending the National Interest: Raw Material Investments and U.S. Foreign Policy*. Princeton, NJ: Princeton University Press, 1978: 5-14, 17-34.

online Milner, Helen V. "Resisting the Protectionist Temptation: Industry and the Making of Trade Policy in France and the United States During the 1970s." *International Organization* vol.41 no.4 (Autumn 1987): 639-666.

online Goldstein, Judith. "The Impact of Ideas on Trade Policy: The Origins of U.S. Agricultural and Manufacturing Policies." *International Organization* vol.43 no.1 (Winter 1989): 31-71.

e-res Hogenboom, Barbara. "Co-operation and Discord: NGOs and the NAFTA." In *Non-State Actors in International Relations*, edited by Bas Arts, Math Noortmann, and Bob Reinalda. Aldershot, England: Ashgate, 2001: 177-193.

7. Competing Perspectives on Interdependence (Thu, Sep. 16)

- GCD Keohane, Robert O. and Joseph S. Nye. "Realism and Complex Interdependence." In Goddard, Cronin, and Dash, 2003: 49-58.
- online Waltz, Kenneth N. "Globalization and Governance." *PS: Political Science and Politics* vol.32 no.4 (December 1999): 693-700.
- e-res Enloe, Cynthia. "On the Beach: Sexism and Tourism." In *Bananas, Beaches, and Bases: Making Feminist Sense of International Politics*. Updated edition (first published in 1989). Berkeley: University of California Press, 2000: 19-41.
- GCD dos Santos, Theotonio. "The Structure of Dependence." *American Economic Review* vol.60 no.2 (May 1970, Papers and Proceedings): 231-236. [also in Goddard, Cronin and Dash, ch.12]
- reserve Pakenham, Robert A. "The Dependency Movement and the Impasse in Development Scholarship." *The Dependency Movement: Scholarship and Politics in Development Studies*. Cambridge, MA: Harvard University Press, 1992: 298-318.

Recommended

Dunn, John. "Crisis, Routine and Political Intelligibility." In Dunn, 2000: esp. 237-253, 261-265, 283-287.

8. Trade Policy in Developing Countries (Tue, Sep. 21)

- G&I Grieco, Joseph M. and G. John Ikenberry. "Developing Nations and the World Economy." In Grieco & Ikenberry, 2003: esp. 244-258.
- GCD Evans, Peter B. "States and Industrial Transformation." In Goddard, Cronin, and Dash, 2003: 119-137.
- online Krugman, Paul R. "The Myth of Asia's Miracle." *Foreign Affairs* vol.73 no.6 (November/December 1994): 62-78.
- e-res Doner, Richard F., Bryan K. Ritchie, and Dan Slater. "Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective." *International Organization* vol.59 no.2 (Spring 2005).
- + case materials (TBA)

9. The Causes and Consequences of Regional Integration: Europe and Beyond (Thu, Sep. 23)

- e-res Mazey, Sonia. "European Integration: Unfinished Journey or Journey without End?" In *European Union: Power and Policy-Making*, edited by Jeremy Richardson. London: Routledge, 2001: 27-50.
- G&I Grieco, Joseph M. and G. John Ikenberry. "State Power and the Promotion of National Interests through Economic Integration." In Grieco & Ikenberry, 2003: esp. 149-158.
- GCD Amin, Samir. "The Future of Global Polarization." In Goddard, Cronin, and Dash, 2003: 179-189.
- e-res Kurlantzick, Joshua. "Is East Asia Integrating?" *The Washington Quarterly* vol.24 no.4 (Autumn 2001): 19-28.
- GCD Lawrence, Robert Z. "Regionalism, Multilateralism, and Deeper Integration: Changing Paradigms for Developing Countries." In Goddard, Cronin, and Dash, 2003: 391-412.

10. Standards & Regulations: New Protectionism vs. Legitimacy Public Policy (Tue, Sep. 28)

- online Krasner, Stephen D. "Global Communications and National Power: Life on the Pareto Frontier." *World Politics* vol.43 no.3 (April 1991): 336-366.
- online Mattli, Walter and Tim Büthe. "Setting International Standards: Technological Rationality or Primacy of Power?" *World Politics* vol.56 no.1 (October 2003): 1-42.

11. Political Externalities of International Trade I: Trade, Alliances, and War (Thu, Sep. 30)

- online Gowa, Joanne. "Bipolarity, Multipolarity, and Free Trade." *American Political Science Review* vol.83 no.4 (December 1989): 1245-1256.

online Oneal, John R. and Bruce Russett. "The Kantian Peace: The Pacific Benefits of Democracy, Interdependence, and International Organizations." *World Politics* vol.52 no.1 (October 1999): 1-37.

Highly Recommended

Dunn, John. "Political Understanding" In Dunn, 2000: 93-137.

12. Political Externalities of International Trade II: Economic Sanctions (Tue, Oct. 5)

G&I Grieco, Joseph M. and G. John Ikenberry. "State Power and the Promotion of National Interest through Economic Sanctions and Incentives." In Grieco & Ikenberry, 2003: 163-203.
+ case materials (TBA)

Recommended

Baldwin, David. "What is Economic Statecraft?" In *Economic Statecraft*. Princeton: Princeton University Press, 1985: 29-50.

Marinov, Nikolay. "Does Pressure from the Outside Destabilize Leaders on the Inside?" Mimeo, Stanford University, 24 April 2004. (on e-reserves)

***** Thu, Oct. 7: MIDTERM EXAM *****

The midterm exam is a closed-book exam, given in class, only.

NOTE: No class on Tue, Oct. 12 due to FALL BREAK.

14. The International Politics of Money & Finance in Historical Perspective (Thu, Oct.14)

e-res Cohen, Benjamin J. "A Brief History of International Monetary Relations." In *Organizing the World's Money: The Political Economy of International Monetary Relations*. New York: Basic Books, 1977: 75-107.

online Ruggie, John Gerard. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order." *International Organization* vol.36 no.2 (Spring 1982): 379-415.

e-res Bornschieer, Volker and Christopher Chase-Dunn. "Transnational Firms in Historical Perspective." In *Transnational Corporations and Underdevelopment*. New York: Praeger, 1985: 35-54.

GCD Babarinde, Olufemi A. "The Euro Debuts: European Money, Global Money or Both?" In Goddard, Cronin, and Dash, 2003: 291-314.

15. The Economics of Int'l Money & Finance I: Currencies and International Capital Market (Tue, Oct.19)

16. The Economics of Int'l Money and Finance II: Capital Accounts & Balance of Payments (Thu, Oct.21)

G&I Grieco, Joseph M. and G. John Ikenberry. "The Economics of International Money and Finance." In Grieco & Ikenberry, 2003: 57-91.

G&I Grieco, Joseph M. and G. John Ikenberry. "Developing Nations and the World Economy." In Grieco & Ikenberry, 2003: esp. 258-283.

17. Political Perspectives on International Money and Finance (Tue, Oct. 26)

online Frieden, Jeffrey A. "Invested Interests: The Politics of National Economic Policies in a World of Global Finance." *International Organization* vol.45 no.4 (Autumn 1991): 425-451.

online Sachs, Jeffrey. "The IMF and the Asian Flu." *American Prospect* (Princeton) no.37 (March-April 1998): 16-21.

online International Monetary Fund. "The IMF's Response to the Asian Financial Crisis: A Factsheet." (<http://www.imf.org/external/np/exr/facts/asia.htm>, accessed 24 July 2004)

18. Multinational Corporations & Foreign Direct Investment (Thu, Oct. 28)

e-res Fieldhouse, David. "A New Imperial System'? The Role of the Multinational Corporation Reconsidered." In *Imperialism and After*, edited by Wolfgang Mommsen and Jürgen Osterhammel. London: Allen & Unwin, 1986: 225-240.

e-res Tarzi, Shah M. "Third World Governments and Multinational Corporations: Dynamics of Host's Bargaining Power." *International Relations* (London) vol.10 no.3 (May 1991): 237-249.

G&I Grieco, Joseph M. and G. John Ikenberry. "Developing Nations and the World Economy." In Grieco & Ikenberry, 2003: esp. 258-283.

Recommended

Büthe, Tim and Helen Milner. "The Politics of Foreign Direct Investment into Developing Countries." Paper presented at the Annual Meeting of the American Political Science Association, Chicago, September 2-5, 2004.

Jenkins, Rhys. "Theoretical Perspectives on the Transnational Corporation." In Goddard, Cronin, and Dash, 2003: 415-433.

19. Aid to Developing Countries (Tue, Nov.2)

online International Bank for Reconstruction and Development (World Bank). "Overview: Rethinking the Money and Ideas of Aid." In *Assessing Aid: What Works, What Doesn't and Why*, edited by David Dollar and Lant Pritchett. New York: Oxford University Press for the World Bank, 1998: 1-27. Online at: <http://www.worldbank.org/research/aid/aidtoc.htm>

online Goldsmith, Arthur A. "Foreign Aid and Statehood in Africa." *International Organization* vol.55 no.1 (Winter 2001): 123-148.

20. Growth & Development: GDP and Beyond (Thu, Nov.4)

e-res Easterly, William. "To Help the Poor." [AND] "Solow's Surprise: Investment Is Not the Key to Growth." *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. Cambridge, MA: MIT Press, 2001: 5-15, 47-69.

e-res Mies, Maria. "Housewifization International: Women and the New International Division of Labour." In *Patriarchy and Accumulation on a World Scale: Women in the International Division of Labour*. London: Zed Books, 1986: 112-144.

online Sen, Amartya K. "Development Approaches: Contrasts and Convergence." In *Sustainable Human Development: Concepts and Priorities*, edited by Sudhir Anand and Amartya K. Sen. New York: United Nations Development Programme, 1994: 5-12. (online at: http://hdr.undp.org/docs/publications/ocational_papers/Oc8b.htm#two)

online Krueger, Anne O. "Trade Policy and Development: How We Learn." *American Economic Review* vol.87 no.1 (March 1997): 1-22.

GCD Picciotto, Robert. "A New World Bank for a New Century." In Goddard, Cronin, and Dash. Boulder, CO: Lynne Rienner, 2003: 341-351.

online United Nations Development Program. "Overview: The Revolution for Gender Equality." In *Human Development Report 1995*, edited by Mahbub ul Haq and Inge Kaul. New York: Oxford University Press for the UNDP, 1995: 1-10. (online at: <http://hdr.undp.org/reports/global/1995/en/>)

21. Movement of People; Trade in Ideas: Migration & Intellectual Property Rights (Tue, Nov.9)

e-res Held, David, et al. "People on the Move." In *Global Transformations: Politics, Economics and Culture*. Stanford: Stanford University Press, 1999: 283-326.

online Evans, David S. "Who Owns Ideas? The War over Global Intellectual Property." *Foreign Affairs* vol.81 no.6 (Nov-Dec 2002): 160-166.

online Sell, Susan K. and Aseem Prakash. "Using Ideas Strategically: The Contest between Business and NGO Networks in Intellectual Property Rights." *International Studies Quarterly* vol.48 no.1 (March 2004): 143-175.

22. Internationalization, Globalization: Concepts, Causes, and Consequences (Thu, Nov.11)

DR Rodrik, Dani. [Chapters 1-3 of] *Has Globalization Gone Too Far?* Washington, D.C.: Institute for International Economics, 1997: 1-48.

G&I Grieco, Joseph M. and G. John Ikenberry. "Economic Globalization and Political Backlash." In Grieco & Ikenberry, 2003: esp. 204-243.

online Dunn, Robert. "Has the U.S. Economy *Really* Been Globalized?" *The Washington Quarterly* vol.24 no.1 (Winter 2001): 53-64.

23. Globalization and Its Discontents in Advanced Industrialized Countries (Tue, Nov.16)

e-res Garrett, Geoffrey and Deborah Mitchell. "Globalization, Government Spending, and Taxation in the OECD." *European Journal of Political Research* vol.39 no.1 (2001): 145-177.

DR Rodrik, Dani. [Chapters 4-5 of] *Has Globalization Gone Too Far?* Washington, D.C.: Institute for International Economics, 1997: 49-85.

online Goff, Patricia. "Invisible Borders: Economic Liberalization and National Identity." *International Studies Quarterly* vol.44 no.4 (December 2000): 533-562.

online Kull, Steven. "Culture Wars? How Americans and Europeans View Globalization." *The Brookings Review* vol.19 no.4 (Fall 2001, special issue "Managing a Globalizing World"): 18-21.

online Burtless, Gary. "Labor Standards and Global Trade: Workers' Rights." *The Brookings Review* vol.19 no.4 (Fall 2001, special issue "Managing a Globalizing World"): 10-13.

+ case materials on summer 2004 Wage Bargaining in Germany

24. Globalization and Its Discontents in the Developing World (Thu, Nov.18)

online Carol Graham. "Winners and Losers: Perspectives on Globalization from the Emerging Market Economies." *The Brookings Review* vol.19 no.4 (Fall 2001, special issue "Managing a Globalizing World"): 22-25.

GCD Went, Robert. "Globalization Under Fire." In Goddard, Cronin, and Dash, 2003: 191-211.

GCD Lindsey, Brink. "The Invisible Hand vs. the Dead Hand." In Goddard, Cronin, and Dash, 2003: 59-69.

online United Nations Development Program. "Overview: Cultural Liberty in Today's Diverse World." In *Human Development Report 2004*, edited by Sakiko Fukuda-Parr. New York: Oxford University Press for the UNDP, 2004:1-12 (online at: <http://hdr.undp.org/reports/global/2004/>)

25. The Stiglitz Controversy (Tue, Nov.23)

online "Joseph Stiglitz and Kenneth Rogoff Discuss: *Globalization and Its Discontents*." Online video of a debate on 28 June 2002 at the World Bank (67 min, substantive discussion starts at 7min 45sec). Available at: http://www.worldbank.org/wbi/B-SPAN/sub_stiglitz.htm [OR] <http://info.worldbank.org/etools/bspan/PresentationView.asp?PID=325&EID=145>

Recommended

Stiglitz, Joseph. *Globalization and Its Discontents*. New York: W. W. Norton & Company, 2002.

Note: No class Thu, Nov.25: THANKSGIVING BREAK

26. International Environmental Politics & the International Political Economy (Tue, Nov.30)

e-res deSombre, Elizabeth. "Introduction and Overview." *Domestic Sources of International Environmental Policy: Industry, Environmentalists, and U.S. Power*. Cambridge, MA: MIT Press, 2000: 1-17.

- online Vogel, David. "The Hare and the Tortoise Revisited: The New Politics of Consumer and Environmental Regulation in Europe." *British Journal of Political Science* vol.33 no.4 (October 2003): 557-580.
- G&I French, Hilary. "Coping with Ecological Globalization." In Goddard, Cronin, and Dash, 2003: 459-482.

27. Governance without Government? Concluding Thoughts (Thu, Dec.2)

- G&I Grieco, Joseph M. and G. John Ikenberry. "Conclusion." In Grieco & Ikenberry, 2003: 327-338.
- e-res Frieden, Jeffry A. and Lisa L. Martin. "International Political Economy: Global and Domestic Interactions." In *Political Science: The State of the Discipline*, edited by Ira Katznelson and Helen V. Milner. New York: W. W. Norton for the American Political Science Association, 2002: 118-146.