International Political Economy (IPE) is an introduction to the politics of the global economy. IPE emphasizes the interactions between political and economic phenomena as well as between international and domestic affairs. We begin by tracing historical efforts to understand the significance of the global political economy and to shape its basic economic, political, social and institutional structure. Later, we will consider the problems encountered by both developed and less developed nations as they seek to adapt to the global system’s continuing evolution. Because some background in both economics and international relations is necessary, students are expected to have completed at least one course each in Economics and IR.

COURSE OBJECTIVES

[1] To demonstrate that many contemporary international phenomena make it impossible to distinguish foreign policy from domestic policy and unwise to separate politics from economics.

[2] To give students a general understanding of the most important phenomena of contemporary international political economy so that they may better understand the meaning, the causes, and the consequences of ongoing events and trends.

[3] To acquaint students with the basic concepts and theories of international political economy, allowing them to pursue further study of international politics, economics, and political economy. (The course is a prerequisite for further IR courses in IPE.)

READINGS


C A third required “text” consists of a packet of readings available in the office of the Department of International Relations.

C The student is also expected to keep up with current events in international political

STUDENT RESPONSIBILITIES

Course grades will be determined principally by two midterm exams and a comprehensive final exam. There will be no make up exams or incompletes except in the case of a written and documented emergency.

Students are required to attend class. ATTENDANCE IS MANDATORY! Moreover, students are required to come to class PREPARED. This means you have done the readings, identified problems you would like to discuss, considered any discussion questions raised in the previous session, and formed tentative answers to those questions. PARTICIPATION IS ALSO MANDATORY!

Up to 20 percent of the grade will be determined by class participation and brief written assignments to be handed in on 4 x 6 inch index cards. The instructor reserves the right to administer unannounced quizzes if necessary to enforce compliance with the attendance and preparation requirement.

SCHEDULE OF TOPICS, ASSIGNMENTS, AND EXAMS

The following course outline indicates the topics to be covered and the approximate date of the lectures on each topic. The reading assignments are to be completed BEFORE the indicated lecture. The student is forewarned, however: these dates are subject to change and it is the responsibility of the student to know where we are in the syllabus. The indicated date of exams is very unlikely to change, so students are urged to plan accordingly.

SECTION ONE: PERSPECTIVES ON INTERNATIONAL POLITICAL ECONOMY
31 August - 14 September

Tuesday, 31 August. Course introduction. Books, assignments, expectations, etc. Briefly, what is "international political economy (IPE)". The distinctive phenomena of IPE. The blurring of economics and politics. The blurring of domestic and foreign policy. The need to blend economy, polity, and society.
Reading: Lairson, preface and chapter 1.
Review: Lairson, chapter 2. If this seems difficult to you, you may be in the wrong course. See the instructor immediately. (Note “Special Session” below.)
Thursday, 2 September. Allocating social values. Politics and economics. System design. The state and the market. Strengths and weaknesses of each form of allocation. The debate over how much market and how much state is desirable. Structure and process. The necessity of structures.


Assignment, due at the beginning of class on an index card: Scarce resources (defined very broadly to mean anything that individuals value) can be allocated by the market or by the state. In what way or for what purpose or from what perspective is the state superior to the market in allocating scarce resources? In what way ... is the market superior to the state? What other means of allocation are possible?

To be announced: A special session (if needed). Remedial macro- and international economics.

Reading: Charles L. Schulze, Selections from *Memos to the President: A Guide Through Macroeconomics for the Busy Policymaker*.

Assignment: Come prepared with specific questions. No lecture is planned.


Thursday, 9 September. Twin questions which guide the course: (1) How should one evaluate the foreign economic policies of nations and individuals? (2) How can we explain the choice of these policies? The importance of trade. The dilemmas posed by trade. Trade challenges for the U.S. Dangerous oversimplifications in the competitiveness debate.

Reading: Moon, chapter 1 (Read the 2nd edition in the packet).

Assignment: Scenario: you are in the market for a new car and have narrowed your choice to one American and one Japanese model. Aside from typical consumer criteria (e.g., price and quality), what additional considerations, if any, are appropriate? Why?

Tuesday, 14 September. Three theoretical views of IPE: realist/mercantilist, liberal, radical/structural. Four policy approaches to trade challenges.

Reading: Moon, chapter 1 (pp 13-23).

James Fallows, “How the World Works”

Robert Gilpin, “Three Ideologies of Political Economy”

Christopher Chase-Dunn and Richard Rubinson, “Toward a Structural Perspective on the World System”

Assignment: List four proposals for changes in U.S. policy, each corresponding to one of the four policy approaches discussed by Moon.
SECTION TWO: ORTHODOX (LIBERAL) TRADE THEORY AND ITS CRITICS
16 September - 14 October

Thursday, 16 September. The form and motivation of classical mercantilism. A schema for understanding the choice of trade policy: economic, political, social and ethical theory; the state of markets; the balance of political power.

Reading: Moon, chapter 2 (up to “The Advent of Free Trade Theory”).
Assignment: What parallels do you see between classical English mercantilism and contemporary forms of this policy approach?

Tuesday, 21 September. The classical case for free trade: comparative advantage and the gains from trade. The costs of protection. Domestic political processes and protectionism. Specific manifestations in the Corn Law debate of the conceptual scheme for trade policy choice and the five lessons of political economy.

Reading: Moon, chapter 2 (remainder)
Lairson, chapters 2 (pp 13-18) & 3
Assignment: Why weren't the Corn Laws repealed in the middle of the eighteenth century (or seventeenth), instead of the middle of the nineteenth century?
Optional Assignment: What questions do you have concerning the exposition of absolute advantage, comparative advantage, and protectionism by Moon and/or Lairson?


Reading: Moon, chapter 3 (especially up to “The Effects of Market Dominance and Decline”). Ronald Rogowski, “Political Cleavages and Changing Exposure to Trade”
Assignment: What is the Stolper-Samuelson prediction concerning group and party attitudes toward trade issues in the U.S. today?

Tuesday, 28 September. The dynamics of political economy: specific manifestations in the early 20th century decline of liberalism. The Depression and World War II.

Reading: Moon, chapter 3.

Thursday, 30 September. The historical background to Bretton Woods: rising protectionism, the Great Depression, monetary chaos, World War II. The perceived need for greater management by international institutions.

Reading: Moon, chapter 4.
Lairson, chapter 4.

Tuesday, 5 October. Review.
Assignment: Provide one essay question and one objective question for the exam.

*** FIRST EXAM - Thursday, 7 October ***
Thursday, 14 October. Exam debriefing.

**Assignment:** What was the hardest question on the exam? Why? What was the best question on the exam? Why?

SECTION THREE: INTERNATIONAL INSTITUTIONS AND GLOBAL FINANCE
19 October - 28 October


**Reading:** Lairson, chapter 4.

**Assignment:** Did the U.S. gain or lose from the leadership position it took in creating the Bretton Woods system?


**Reading:** Lairson, chapter 2 (pp 18-37).
Charles Schulze, “Memos 9 & 10”
Jeffrey Frieden, “Exchange Rate Politics: Contemporary Lessons From American History”

**Assignment:** What are the distributional implications of a decline in the value of the U.S. dollar?

Tuesday, 26 October. Foreign exchange markets and the global monetary order. Budget deficits, trade deficits and global monetary flux.

**Reading:** Lairson, chapter 5.


SECTION FOUR: THE ECONOMIC RELATIONS AMONG DEVELOPED COUNTRIES
2 November - 23 November.

Tuesday, 2 November. Trade tensions and policy coordination among developed states.

**Reading:** Moon, chapter 5.
Lairson, chapter 6 (pp 126-141).
Schulze, “Memos 12, 16, 17”


**Reading:** Lairson, chapter 7.

**Assignment:** Why doesn't the U.S. have an industrial policy?

Tuesday, 9 November. Regional integration. The EU and NAFTA. Proposals to extend NAFTA.

**Reading:** Moon, chapter 6
Lairson, chapter 6 (pp. 141-164).
Assignment: Why is the structure of NAFTA so much different than that of the EU?

Thursday, 11 November.  Catch up.
Assignment: What parallels do you see between the Corn Laws debate and the NAFTA debate?

Tuesday, 16 November.  Review.

***  SECOND EXAM  - Thursday, 18 November  ***

Tuesday, 23 November.  Exam de-briefing.
Assignment: What was the hardest question on the exam? Why? What was the best question on the exam? Why?

SECTION FIVE: NORTH/SOUTH ECONOMIC RELATIONS
30 November - 9 December

Reading: Lairson, chapter 8; Moon chapter 7 (2nd edition).
Assignment: What's wrong with exploiting a comparative advantage in agriculture and mining?

Thursday, 2 December. Development goals and strategies. The Southern view of the contemporary global system and its institutions.
Reading: Lairson, chapter 9 & 13.
Assignment: Scenario: You are the minister of finance for a Latin American nation attending the Bretton Woods conference. How would your vision of an ideal international structure differ from that created at Bretton Woods?

Reading: Lairson, chapters 12,14 and 15.

Reading: Lairson, chapters 10 and 11; Moon, chapter 7 of 1st edition.