

POL 340
International Political Economy
Davidson College

Spring 2005

Tuesday & Thursday, 2:30-3:45
Chambers 2068

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And by appointment

The illusion of a separation between politics and economics has ceased to correspond to any aspect of current reality...Economic forces are in fact political forces. Economics can be treated neither as a minor accessory of history, nor as an independent science in the light of which history can be interpreted. Much confusion would be saved by a general return to the term "political economy."
E. H. Carr, The Twenty Years' Crisis, 1939

Course Description:

This course analyzes the politics of international economic relations, in particular the rise and implications of global economic governance and globalization. It begins with an overview of the classic and modern conceptions of the primary schools of thought in international political economy, including mercantilism, liberalism, and Marxism. These perspectives provide the theoretical basis for studying the wide range of topics that students of international political economy seek to address. The course then will focus on the interplay between politics and economics in a range of issue areas, such as the international financial system and its management (IMF, World Bank, etc), trade policy, the role of multinational corporations in the international economy, the debates surrounding debt relief and policies to promote economic growth in the developing world, regional economic integration (the European Union and NAFTA), and the economic causes of war and peace.

Required Reading:

You may purchase the following books from the Davidson College bookstore or try to find less expensive copies on the internet.

- * David Balaam and Michael Veseth, *Introduction to International Political Economy* (New Jersey: Prentice Hall, 2001).
- * George Crane and Abba Amawi, eds., *The Theoretical Evolution of International Political Economy* (Oxford: Oxford University Press, 1991).
- * Thomas Friedman, *The Lexus and the Olive Tree* (New York: Farrar, Straus, and Giroux, 2000).
- * Joseph Stiglitz, *Globalization and Its Discontents* (New York: W.W. Norton and Co, 2002).
- * A number of readings on the syllabus are available on electronic reserve. Occasionally, I will place additional readings on reserve, in particular articles about current events that relate to topics we will address in class. I will notify you both in class and on email when I make such additions.

I also encourage you to bring relevant and interesting articles, political cartoons, and editorials to my attention, and I will put them on reserve for the class to read and discuss.

* You are also expected to be well informed about current international events and, therefore, are required to read *The New York Times*. You can subscribe to *The New York Times* at the Davidson College bookstore at a reduced price or read it online at www.nytimes.com (for free). Note that if you choose to read it online, you must be diligent; you will be required to purchase stories older than four or five days. While all students are expected to read *The New York Times* on a daily basis, you are also encouraged to read other news sources, such as *The Economist*, *The National Interest*, *The Atlantic Monthly*, *The New Republic*, *Foreign Affairs*, *Foreign Policy*, etc.

Course Requirements:

The Davidson introductory economics course, Economics 101, is a prerequisite for this course.

You are expected to attend class regularly, complete the readings before the class for which they were assigned, and participate in class discussions. Graded assignments include: ten two-page memos, three reviews, and a 15-20 page research paper. The reviews will include a take-home essay and an in-class exam and will test your ability to think creatively and critically about course material. Study guides for the in-class exams and the take-home essay question will be distributed one week before each review. The take-home essays will be due at the start of the class during which the in-class portion of the review will be given.

Grading:

Your participation in class discussions, completion of the memos, performance on the reviews, and research paper will determine your final grade. They are weighted as follows:

Participation: 10%
Memos: 10%
Review #1: 15%
Review #2: 15%
Review #3: 20%
Research paper: 30% (précis: 1%; annotated bibliography: 4%; paper: 25%)

Numeric grades translate into letter grades in the following manner:

100-94: A
93-90: A-
89-87: B+
86-84: B
83-80: B- , etc.

Late Assignments:

You are expected to take the reviews at the times indicated. Failure to take a review at the scheduled time will result in a zero for that review. If you have a legitimate reason to miss a review, you must notify me in advance so that arrangements can be made for a make-up review. Late papers will be penalized 1/3 of a letter grade for each day they are late (i.e., the grade for a paper that is one day late will be lowered, for example, from an A- to a B+). *The research paper is due at 5:00 p.m. on May 3.*

Academic Honesty:

You are expected to adhere to the tenets of the Honor Code when completing course assignments; they will be strictly enforced. Accordingly, you are asked to pledge *all* work, including memos, reviews, and the research paper. If you are uncertain about what constitutes plagiarism (e.g., the rules for properly attributing cited material or how to paraphrase), please ask for clarification from me before handing in your paper.

Course Schedule

Tuesday, January 11: Introduction

Thursday, January 13: The Field of International Political Economy

- Readings:
- * Balaam and Veseth, *International Political Economy*, chapter 1.
 - * C. Fred Bergstrom, "Foreign Economic Policy for the Next President" *Foreign Affairs* (March/ April 2004). Electronic reserve.

Tuesday, January 18: Theories of IPE: Classical Mercantilism

- Readings:
- * Crane and Amawi, "Introduction," in *Theoretical Evolution*.
 - * Alexander Hamilton, "Report on Manufactures," in *Theoretical Evolution*.
 - * Friedrich List, "Political and Cosmopolitical Economy," in *Theoretical Evolution*.
 - * Balaam and Veseth, *International Political Economy*, chapter 2.

Thursday, January 20: Theories of IPE: Classical Liberalism

- Readings:
- * Adam Smith, "Of the Principle of the Commercial or Mercantile System," in *Theoretical Evolution*.
 - * Adam Smith, "Of Restraints Upon the Importation from Foreign Countries," in *Theoretical Evolution*.
 - * David Ricardo, "On Foreign Trade," in *Theoretical Evolution*.
 - * Balaam and Veseth, *International Political Economy*, chapter 3.

Tuesday, January 25: Theories of IPE: Liberalism and Complex Interdependence

- Readings:
- * Robert Keohane and Joseph Nye, "Interdependence in World Politics," in *Theoretical Evolution*.
 - * Robert Keohane and Joseph Nye, "Realism and Complex Interdependence," in *Theoretical Evolution*.
 - * Robert Keohane and Joseph Nye, "Power and Interdependence in the Information Age," *Foreign Affairs* (September/ October 1998). Electronic reserve.

Thursday, January 27: Theories of IPE: Marxism and Dependency Theory

- Readings:
- * Karl Marx and Friedrich Engels, "The Communist Manifesto," in *Theoretical Evolution*.
 - * Karl Marx, "The German Ideology: The Rise of Manufactures," in *Theoretical Evolution*.
 - * Vladimir I. Lenin, "Imperialism as a Special Stage of Capitalism," in *Theoretical Evolution*.
 - * Balaam and Veseth, *International Political Economy*, chapter 4.

Tuesday, February 1: The Politics of International Trade

- Readings:
- * Bruce Stokes, "The Protectionist Myth," *Foreign Policy* (Winter 1999/2000). Electronic reserve.
 - * "The Looming Revolution," *The Economist* (November 13, 2004). Electronic reserve.
 - * Keith Bradsher, "China Relents and Promises Textile Tariffs," *New York Times* (December 13, 2004). Electronic reserve.

* Balaam and Veseth, *International Political Economy*, chapter 6

Thursday, February 3: Hegemony, Free Trade, and Protectionism

- Readings:
- * Charles P. Kindleberger, "Dominance and Leadership in the International Economy: Exploitation, Public Goods, and Free Riders," *International Studies Quarterly* (1981), pp. 242-54. Electronic Reserve.
 - * Stephen Krasner, "State Power and the Structure of International Trade," in Jeffrey Frieden and David Lake, eds., *International Political Economy: Perspectives on Global Power and Wealth* (Boston: St. Martins, 2000). Electronic reserve.
 - * Helen Milner, "International Political Economy: Beyond Hegemonic Stability," *Foreign Policy* (Spring 1998). Electronic reserve.
 - * **Précis Due**

Tuesday, February 8: The Domestic Politics of Trade: Part I

- Readings:
- * Ronald Rogowski, "Commerce and Coalitions: How Trade Affects Domestic Political Alignments," in Jeffrey Frieden and David Lake, eds., *International Political Economy: Perspectives on Global Power and Wealth* (Boston: St. Martins, 2000). Electronic reserve.
 - * Helen Milner, "Resisting the Protectionist Temptation: Industry and the Making Trade Policy in France and the United States During the 1970s," in Jeffrey Frieden and David Lake, eds., *International Political Economy: Perspectives on Global Power and Wealth* (Boston: St. Martins, 2000). Electronic reserve.

Thursday, February 10: The Domestic Politics of International Trade: Part II

- Readings:
- * Edward Gresser, "Toughest on the Poor: America's Flawed Tariff System," *Foreign Affairs* (November/ December 2002). Electronic reserve.
 - * Richard Freeman, "Are Your Wages Set in Beijing?" *Journal of Economic Perspectives* 9 (1995), pp. 15-31. Electronic reserve.
 - * Kathleen Newland, "Workers of the World, Now What?" *Foreign Policy* (Spring 1999). Electronic reserve.

Tuesday, February 15: Review #1 (in class); Take-home essay due.

Thursday, February 17: Multinational Corporations

- Readings:
- * David Fieldhouse, "A New Imperial System? The Role of the Multinational Corporation Reconsidered," in Wolfgang Mommsen and Jurgen Osterhammel, *Imperialism and After* (London: Allen and Unwin, 1986). Electronic reserve.
 - * Daniel Drezner, "Bottom Feeders," *Foreign Policy* (Summer 1997). Electronic reserve.
 - * John Stopford, "Multinational Corporations," *Foreign Policy* (Winter 1998/1999). Electronic reserve.
 - * Balaam and Veseth, *International Political Economy*, chapter 17.

Tuesday, February 22: Balance of Payments Crises and Debt Relief

- Readings:
- * M. A. Thomas, "Getting Debt Relief Right," *Foreign Affairs* (September/October 2001). Electronic reserve.
 - * William Easterly, "Debt Relief," *Foreign Policy* (November/ December 2001). Electronic reserve.

- * Balaam and Veseth, *International Political Economy*, chapter 7.

Thursday, February 24: IPE and the Third World: Development

- Readings:
- * Dani Rodrik, "Trading in Illusion," *Foreign Policy* (March/ April 2001). Electronic reserve.
 - * Joseph Stiglitz and Lyn Squire, "International Development: Is it Possible?" *Foreign Policy* (1998). Electronic reserve.
 - * Robin Broad, John Cavanaugh, and Walden Bello, "Development: The Market is Not Enough," *Foreign Policy* (Winter 1990/1991). Electronic reserve.
 - * Balaam and Veseth, *International Political Economy*, chapter 15.

February 26-March 6: Spring Break

Tuesday, March 8: Regional Integration and the European Union

- Readings:
- * Kalypso Nicolaidis, "We, the Peoples of Europe ..." *Foreign Affairs* (November/December 2004). Electronic reserve.
 - * Balaam and Veseth, *International Political Economy*, chapter 11.

Thursday, March 10: Regional Integration and NAFTA

- Readings:
- * John Cavanagh, Sarah Anderson, Jaime Serra, and J. Enrique Espinosa, "Happily Ever NAFTA," *Foreign Policy* (September/ October 2002). Electronic reserve.
 - * Robert Pastor, "North America's Second Decade," *Foreign Affairs* (January/ February 2004). Electronic reserve.
 - * Balaam and Veseth, *International Political Economy*, chapter 12.

Tuesday, March 15: Globalization, Part I

- Readings:
- * Thomas Friedman, *The Lexus and the Olive Tree*, pp. 1-193.

Thursday, March 17: Globalization, Part II

- Readings:
- * Thomas Friedman, *The Lexus and the Olive Tree*, finish.

Tuesday, March 22: Financial Politics, the IMF, and the World Bank, Part I

- Readings:
- * Joseph Stiglitz, *Globalization and Its Discontents*, pp. 1-165.
 - * Daves Kapur, "The IMF: A Cure or A Curse," *Foreign Policy* (Summer 1998). Electronic reserve.
 - * **Annotated Bibliography Due**

Thursday, March 24: Financial Politics, the IMF, and the World Bank, Part II

- Readings:
- * Joseph Stiglitz, *Globalization and Its Discontents*, finish.
 - * Stanley Rischer, "In Defense of the IMF," *Foreign Affairs* (July/ August 1998). Electronic reserve.

March 26-29: Easter Break

Thursday, March 31: The Political Economy of Oil

- Readings:
- * Fadhil Chalabi, "OPEC: An Obituary," *Foreign Policy* (Winter 1997/1998). Electronic reserve.

- * Martin Feldstein, "Achieving Oil Security," *National Interest* (Special Issue 2001). Electronic reserve.
- * Balaam and Veseth, *International Political Economy*, chapter 18.

Tuesday, April 5: Review #2 (in class); Take-home essay due.

Thursday, April 7: National Security and IPE

- Readings:
- * Jacob Viner, "Power versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries," *World Politics* 11 (1948). Electronic reserve.
 - * Aaron Friedburg, "The Changing Relationship Between Economics and National Security," *Political Science Quarterly* 106 (1991). Electronic reserve.

Tuesday, April 12: Economic Statecraft and Coercive Diplomacy

- Readings:
- * Jesse Helms, "What Sanctions Epidemic?" *Foreign Affairs* (January/February 1999). Electronic reserve.
 - * John Mueller and Karl Mueller, "Sanctions of Mass Destruction," *Foreign Affairs* (May/June 1999). Electronic reserve.
 - * Joseph Grieco and G. John Ikenberry, "State Power and the Promotion of National Interest through Economic Sanctions and Incentives," in Joseph Grieco and G. John Ikenberry, *State Power and World Markets: The International Political Economy* (New York: W.W. Norton, 2003). Electronic reserve.

Thursday, April 14: International Economic Institutions and Peace

- Readings:
- * Robert Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984), excerpts. Electronic reserve.
 - * Balaam and Veseth, *International Political Economy*, chapter 9

Tuesday, April 19: Interdependence as a Cause of Peace

- Readings:
- * Norman Angell, "The Great Illusion," in Richard Betts, ed., *Conflict After the Cold War* (New York: Pearson, 2005). Electronic reserve.
 - * Richard Rosecrance, "Rise of the Virtual State," *Foreign Affairs* (July/August 1996). Electronic reserve.
 - * Bruce Russett and John Oneal, *Triangulating Peace*, excerpts. Electronic reserve.

Thursday, April 21: Interdependence as a Cause of War

- Readings:
- * Geoffrey Blainey, "Paradise as a Bazaar," in *The Causes of War* (New York: Free Press, 1973). Electronic Reserve.
 - * Kenneth Waltz, "Structural Causes and Economic Effects," in *Theory of International Politics* (New York: McGraw-Hill, 1979). Electronic reserve.

Tuesday, April 26: Economic Growth and War

- Readings:
- * Robert Gilpin, "Hegemonic War and International Change," in Richard Betts, ed., *Conflict After the Cold War* (New York: Pearson, 2005). Electronic reserve.
 - * Geoffrey Blainey, "War Chests and Pulse Beats," in *The Causes of War* (New York: Free Press, 1973). Electronic Reserve.
 - * Alan Milward, "War as Policy," in Richard Betts, ed., *Conflict After the Cold War* (New York: Pearson, 2005). Electronic reserve.

Thursday, April 28: Economic Decline and War

- Readings:
- * Geoffrey Blainey, "Death-watch and Scapegoat Wars," in *The Causes of War* (New York: Free Press, 1973). Electronic Reserve.
 - * Karl DeRouen, Jr., "Presidents and the Diversionary Use of Force: A Research Note," *International Studies Quarterly* 44 (2000), pp. 317-328. Electronic reserve.
 - * David Pion-Berlin, "The Fall of Military Rule in Argentina: 1976-1983," *Journal of Interamerican Studies and World Affairs* 27 (Summer 1985), 55-76. Electronic reserve.

Tuesday, May 3: Optional class (if needed)
Paper Due at 5:00 p.m.

Thursday, May 5: Reading Day

May 6-11: Final Exam Week
Take-home essay due by the end of exams.