

Universidad de Los Andes, Bogota, Colombia

International Political Economy (IPE) ECON-4627

Fall Semester, August 2007

Lyal White
(lyal.white@gmail.com)

International Political Economy (IPE) gained substantial relevance and appeal in the post-cold war era when economic globalisation began to dominate policy discussion and popular debate. It straddles the world of politics and economics, and is most often considered to fall within the realm of International Relations.

As a relatively new field of study, the theoretical and methodological development of IPE emanates from a combination of the above-mentioned disciplines, adding to its dynamism with ongoing advances and alternatives to existing theoretical constructs. These nuances in traditional paradigms and interpretation, along with policy orientated or empirical relevance has added to its dynamic appeal in recent years.

IPE's multifaceted and multidimensional characteristics incorporate all the relevant forces, systems, structures and role-players that make up and influence the global political economy.

The field of IPE is not only defined by the intricate relationship between politics and economics, states and markets, regional organisations and multilateral organisations or multinational corporations and civil society, but is ultimately underpinned by the delicate balance of power, ideology and pragmatism. These factors and actors determine the dynamic environment in which they exist and, in turn, strive to maintain a healthy equilibrium that will ensure sustainable progress.

This course introduces some of the basic theories and concepts of IPE in relation to the broader fields of politics, economics and international relations. Each seminar addresses relevant themes, which will be analysed and debated through interactive discussions and supplemented by a basic list of readings.

Given the broad extent of IPE, this course is by no means a complete coverage of all themes and issues related to this field of study. However, it certainly does illustrate some of the core areas of IPE and provides a useful foundation of understanding for further research and specialisation.

The course requires extensive reading on themes related to and associated with IPE. A list of required and suggested readings is provided but additional reading over and above those listed below is encouraged. Evaluation and assessment will be based on the readings and seminar discussions.

The final mark for the course will constitute four assessments:

- **35% of the final mark will be the final examination.** This will be a take-home essay exam based on all the themes and materials addressed throughout the course. This will take place at the end of the course (November 2007). The final date of the exam will be confirmed during the first week of the IPE seminar series starting on 6 August 2007.
- **25% of the final mark will be an evaluation of a Group-based presentation.** During the first seminar of each theme covered a selected group will present a synopsis of the readings along with their view and insight into the topic of discussion. The presentations should be a critical overview of the readings and subject that will stimulate further discussion and debate. The groups and allocated readings/topics will be assigned during the first week of the IPE seminar series starting on 6 August 2007. *(Some of the themes cover an extensive list of reading material and issues, which may require that presentations take place over two seminars and an additional seminar session in selected weeks. This will be discussed during the first meeting on 6 August 2007.)*
- **25% of the final mark will be from a short written assignment,** which will be in the form of a news article/op-ed piece, a short briefing or book review (+-1500-2000 words, not more than 2500 words). The piece will be collected at a specified date in September 2007. The topic will be the choice of each individual student. The topic should be relevant to current IPE issues.
- **15% of the final mark will be class contribution-based assessment.** This will be based on class attendance and participation. Contributions that add value to the class discussion will be noted and rewarded accordingly, and students will be evaluated during each seminar discussion.

Some Relevant reading material for the course includes the following. Required reading is listed for each seminar below:

Allison, G & Zalikow, P, (1999), 'Essence of Decision: Explaining the Cuban Missile Crisis.' 2nd Edition, Longman: New York.

Bhagwati, J, (2004), 'In Defence of Globalisation.' Oxford University Press: New York.

Chua, A, (2002), 'World on Fire: How Exporting Free Market democracy Breeds Ethnic Hatred and Global Instability.' Doubleday: New York.

Collier, P, (2007), 'The Bottom Billion'.

Diamond, J, (1997), 'Guns, Germs and Steel: A Short History of Everybody for the last 13,000 Years.' Chatto & Windus: Great Britain

Easterly, W, (2002), 'The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics.' The MIT Press: London

Friedman, T (2000), 'The Lexus and the Olive Tree.' HarperCollins: USA.

Gilpin, R, (2001), 'Global Political Economy: Understanding the International Economic Order.' Princeton University Press: Princeton.

Kay, J, (2004), 'The Truth About Markets: Why some nations are rich but most remain poor.' Penguin Books: USA

Landes, D, (1998), 'The Wealth and Poverty of Nations: Why Some are so Rich and Some are so Poor.' Abacus: London.

Nye, J, (2004), 'Soft Power: The Means to Success in World Politics.' Public Affairs: New York.

Rodrik, D, (2003), 'In Search of Prosperity.' Princeton University Press: Princeton.

Sachs, J. (2005), 'The End of Poverty: How we can make it happen in our lifetime.' Penguin Books: USA

Stiglitz, J, (2002), 'Globalisation and its discontents.' Penguin Books: Great Britain.

Strange, S, (1988), 'States and Markets: An Introduction to International Political Economy.' Pinter Publishers: London.

Vargas Llosa, A, (2005), 'Liberty for Latin America: How to undo five hundred years of state oppression.' Farrer, Straus and Giroux: New York.

White, L, (2006), 'Is there an Economic Orthodoxy? Growth and Reform in Africa, Asia and Latin America.' The South African Institute of International Affairs, Johannesburg.

Wolf, M, (2004), 'Why Globalisation Works.' Yale University Press: New Haven.

Themes to be covered:

Week 1:

Understanding Introducing the Field of IPE: Scope, theories and methods

- What is IPE?
- Underlying concepts and forces in IPE – states, markets, structures, systems and power
- The global economic order
- Nuances in the traditional approaches: Economics, Political Science, International Relations

Required Reading:

Robert Gilpin, 'Global Political Economy: Understanding the International Economic Order.' (Ch. 1-4)

Joseph Nye, 'Soft Power,' (Ch. 1 - 'The Changing Nature of Power,')

Paul Bracken, "Understanding Global Political Economy."

Suggested Reading:

Susan Strange, 'States and Markets,' (Ch. 1-6)

Richard Falk, 'The Declining World Order,' (Ch.1)

Thomas Friedman, 'The Lexus and the Olive Tree' – (Part 1 & 3)

PART 1: Growth, Reform and Development in the Global Political Economy

Week 2:

Globalisation: States & Markets

- The changing world order
- New and emerging trends
- The role of the state and the importance of sovereignty
- The State-Market Interface

Required Reading:

Martin Wolf, 'Why Globalisation Works,' (Ch.1-2)

Dani Rodrik, 'Getting Recent Economic History Straight.' In The New Global Economy and Developing Countries: Making Openness Work. (1999)

Dani Rodrik, 'Do Democratic Transitions Produce Bad Economic Outcomes?' (2004)

Suggested Reading:

Jeffrey Williamson, 'Winners and losers over two centuries of globalisation.'

Pedro-Pablo Kuczynski, 'Reforming the state' In After the Washington consensus.

Week 3:

Globalisation (*cont.*): Impressions, results and consequences

- Understanding Globalisation: the good, the bad and the ugly
- Globalisation, Capitalism and democracy
- Winners, Losers and the missing middle
- The Anti-globalisation backlash and the rise of the marginalised indigenous groups
- Overview of examples from Africa, Asia and Latin America

Required Reading:

Robert Gilpin, 'Global Political Economy' (Ch.14)

Martin Wolf, 'Why Globalisation Works' (Ch. 3-6)

Jagdish Bhagwati, 'In defence of Globalisation.' (Ch1-2, 15-18)

Geoffrey Garritt & Nickerson, 'Globalisation, Democratisation and government, 'Spending in Middle Income Countries'

Schrire, R 'The Duality of Globalisation: a View from the South' Cambridge Review of International Affairs, Vol XIV.

Geoffrey Garrett, 'Globalisations Missing Middle.'

Week 4:

Understanding Economic Orthodoxy and the Washington Consensus

- What is the current economic Orthodoxy?
- What is the Washington Consensus?
- The history of the Washington Consensus and Structural Adjustments
- The impact on the developing world: Africa and Latin America

Required Reading:

Robert Gilpin, 'Global Political Economy,' (Ch. 12)

Greg Mills, 'Consensus or Orthodoxy: Common Features of Economic Reform and Growth,' In 'Is there an Economic Orthodoxy? Growth and Reform in Africa, Asia and Latin America?'

Jo Stiglitz, 'Globalisation and its discontents,' (Ch. 4,7)

John Williamson, "Where Have we come from? Reflecting on the Washington Consensus"

Suggested Reading:

William Easterly, 'The Elusive Quest for Growth.' (Ch. 11)

Washington Consensus or Washington Confusion? – Moises Naim

Globalisation and Economic Success, Conference Report (Brenhurst Foundation and IDSS, Singapore, 2005, Cairo 2006)

Week 5:

Growth and Development: Is there an Alternative to the current economic orthodoxy?

- Policies and reforms
- Emerging market crises
- Achieving growth while addressing poverty and inequality
- New Alternatives: China, India?

Required Reading:

Dani Rodrik, 'What do we learn from country narratives?' In In Search of Prosperity.

Goodbye Washington Consensus, Hello Washington Confusion? – Dani Rodrik

Jo Ritzen, William Easterly et al, 'On "Good" Politicians and "Bad" Policies: Social Cohesion, Institutions and Growth

Domingo Cavallo, "New Trends in Globalisation"

Week 6:

Why do Economies Grow: The politics and policy of growth

- Reforms for Growth
- Examples from Africa, Asia and Latin America

Required Reading:

Is there an Economic Orthodoxy? Growth and Reform in Africa, Asia and Latin America (Ch. 2, 3, 7, 8, 9, 11, 12)

Lyal White, 'Why Some Latin American Economies Grow and Some Don't.'

Murat Iyigun & Dani Rodrik, 'On The Efficacy of Reforms: Policy Tinkering, Institutional Change, and Entrepreneurship.'

Suggested reading:

Alvaro Vargas Llosa, 'Liberty for Latin America.'

Brenthurst Papers on China & Vietnam

Part 2: Institutions, Integration and an Emerging Economic Order

Week 7:

Part 1:

The importance of Institutions

- Institutions and Economic Rationality

- International Institutions
- State-institution dynamics and interactions
- Selected case studies and examples from Africa, Asia and Latin America

Required Reading:

Joseph Stiglitz, 'Globalisation and its discontents' (Ch. 1, 2, 8)

Richard Falk, 'The Declining World Order,' (Ch.3)

Dani Rodrick, 'Institutions for high quality growth: What they are and how they acquire them.'

Douglas North, 'Institutions and Economic Growth: A Historical Introduction.'

Part 2:

Trade: Agreements and the global trading system

- Bilateral and multilateral agreements: Building blocs and stumbling blocs
- The trading system
- Barriers to free trade
- Changing dynamics in the trading environment
- The North-South Divide and the era of coalition-building

Required Reading:

Robert Gilpin, 'Global Political Economy,' Ch 8.

Foreign Affairs, December 2005 (Special Edition – Freer Trade, www.foreignaffairs.org/special/wto)

Richard Baldwin, "Multilaterlising Regionalism: Spaghetti Bowls as Building Blocks on the path to Free Trade."

Suggested Reading:

Joseph Stiglitz, 'Globalisation and its discontents,' (Ch.6)

Paul Krugman, 'Is Free Trade Passe?' In The Journal of Economic Perspectives, Vol. 1, No. 2 (1987)

Week 8:

Part 1:

Regional Integration

- Reasons and methods
- Economic integration and confidence-building measures through regional integration
- Stepping stone or stumbling bloc to global integration
- Examples of integration: Mercosur, NAFTA, FTAA, APEC vs African integration – SADC, SACU, AU

Required Reading:

Walter Mattli, 'Explaining Regional Integration.' In The Logic of Regional Integration.' (Ch.3) (1999)

Robert Gilpin, 'Global Political Economy,' (Ch.13)
Falk, Ch. 2, 'Regionalism.'
Lyal White, 'Mexico's NAFTA: More Pros than Cons.' (2004)

Week 9:

New and Emerging Global Order: Coalitions in the South

- End of US hegemony?
- Rise of China and others?
- BRICS – The rise of developing world giants
- North-South relations
- South-South co-operation
- Coalitions of the south – IBSA
- The Impact of China on the Developing World

Required Reading:

Richard Falk, 'The Declining World Order,' (Ch 8)
Lyal White, 'IBSA: A State of the Art'
IMF Report, "Do S-S trade agreements increase trade?"

Suggested Reading:

Lyal White, 'South Atlantic Relations: From Bilateral Trade Relations to Multilateral Coalition Building.' In Cambridge Review of International Affairs, Vol. 17, Number3, October 2004.
Goldman Sachs Global Economics Paper No:99, 'Dreaming with BRICs: The Path to 2050.' (2003)

Week 10:

International Competitive Advantage and the Role of Multinational Corporation in IPE

- Understanding comparative and competitive advantage
- How to create and sustain a competitive investment environment
- The importance of good governance and solid institutions
- The role of multinational corporations
- The essence of investment decisions and investment behaviour
- The importance of investment for growth and development
- Selected examples from Africa, Asia and Latin America to be discussed

Required Readings:

Strange, (Ch.3): 'Global Competition.' Rival states, Rival firms
Robert Gilpin, 'Global Political Economy,' (Ch. 11, 15)
Richard Caves, 'The Multinational enterprise.....' In The Multinational enterprise and economic analysis, 1996.

Michael Porter, On Competition (Ch. 6)

Augusto Lopez-Claros, WEF Executive Summary on Growth and Competitiveness.

Suggested Readings:

Michael Porter, 'The Competitive Advantage of Nations.'

Susan Strange, 'States, firms and diplomacy,' International Affairs, London, Vol.68, No. 1 (Jan. 1992) pp. 1-15

William Easterly, 'The Elusive Quest for Growth.'

Week 11:

Concluding Remarks and General Discussion: the Future of IPE and the Global Economic Order