**National Research University -**

**Higher School of Economics**

**Course syllabus and Description**

 **World Politics and International Political Economy**

For MA International Relations in Eurasia

**Prof. M. Bratersky**

Moscow 2015

**IPE in the Modern World**

After several years of having international security dominate the political discourse, international political economy has returned with a vengeance.

This course will introduce students to the broad questions motivating the academic field of international political economy: Whose interests are served by the liberalization of trade and finance? What impact can multilateral organizations like the World Bank, International Monetary Fund and World Trade Organization have on the economic policies of member states and the functioning of the global economy? What determines the policies or rules promoted by these organizations? What motivates foreign aid policies? What is “globalization”? How can we assess its impacts on different countries and populations? How international environment of GPE shapes policies and reactions of international companies?

The course is designed to: (1) provide a general introduction to central issues treated by GPE, (2) survey existing interpretations of social, political and economic developments in the world with a focus on Russia’s interests and participation, and (3) examine these developments within the framework of the contemporary literature in international political economy.

Students will be required to understand and analyze the academic literature, and then apply academic insights to some of the most pressing policy debates. Should government offset the welfare costs of globalization and if so, how? Which priorities should be protected despite free trade liberalization? Is free trade fair trade? How should the World Bank and IMF be reformed to meet the needs of the international political economy in the 21st century? How should the international community address the current financial crisis? How should the international community address the current food crisis? What is the appropriate balance between government regulation and market freedom?

***Requirements***

Students are required to complete all assigned readings before class and come prepared to contribute actively to each class session. The reading load is quite heavy. I think this will be made more manageable by the fact that we have two vacation days and two days of in-class presentations when there are no assignments. Students enrolled in this course should have already developed the skill of reading academic articles efficiently, in order to understand and assess the argument and use of evidence as quickly and thoroughly as possible. If you have not developed that skill, you will need to develop it early on. For the purposes of this class, students should read most articles in one hour- 1.5 hours in order to understand the argument, assess the evidence and develop your own opinion

You should begin thinking about your research paper immediately. I will provide more details in class, and am available outside of class to discuss possible topics. All research papers are expected to be motivated by a clear, researchable question and use ample empirical evidence to support claims.These are papers of 2500‐3000 words (seven to ten pages) Some broad topics for papers include:

* Consider the rise of regionalization (regional trade agreements, currency agreements, etc.). Does this present a challenge to the globalization arguments?
* Can industrial policy mediate the effects of globalization? Are their other policy tools that are more effective?
* Foreign direct investment.
* Sovereign funds.
* Sovereign debt.

***Please note:*** Given the nature of the course and of the examinations, you are *strongly*

*urged* to do all reading in advance, as assigned on the reading list. Failure to do so will

impede your ability to profit from the lectures, and to perform well in section

participation and on the examinations. Notice that the quantity of readings varies from

topic to topic. You are strongly urged to read ahead when the reading load is lighter.

Requirements for the course are as follows:

**Attendance and participation.** Class attendance is strongly recommended. In class you have the opportunity to ask clarifying questions regarding specific readings, lectures, and concepts. Class attendance and participation count for 30 percent of your final grade. Classes will meet weekly for an hour and a half.

**The course is aimed at developing the following knowledge and skills:**

**Knowledge and Understanding**

**A. Knowledge and understanding of:**

1. historical and theoretical issues at the forefront of the discipline of international political economy, together with familiarity with appropriate bibliographical sources;
2. the epistemological and methodological principles in their application to the study of IPE;
3. key ontological, theoretical, and methodological problems of IPE;
4. current challenges to international order, cooperation, identity, social formations, and global issues, and possible strategies to address them;
5. the changing role of the state in the context of globalization and regional integration and the implications for international peace and security;
6. how to carry out an independent research project and write in a scholarly manner demonstrating familiarity with academic conventions deal with complex issues both systematically and creatively, make sound judgments in the absence of complete data, and communicate their conclusions clearly;
7. advanced knowledge of International Relations and politics as approached in a different academic environment and from a different intellectual tradition

**Skills and Other Attributes**

**B. Intellectual skills:**

1. general research skills, especially bibliographic and computing skills;
2. gather, organize and deploy evidence, data and information from a variety of secondary and some primary sources;
3. identify, investigate, analyse, formulate and advocate solutions to problems;
4. develop reasoned arguments, synthesise relevant information and exercise critical judgement,
5. reflect on, and manage, their own learning and seek to make use of constructive feedback from peers and staff to enhance their performance and personal skills,
6. manage their own learning self-critically

ability to perform effectively in another academic environment and a different linguistic and cultural setting.

**C. Subject-specific skills:**

1. applying concepts, theories and methods used in the study of international relations, the analysis of political events, ideas, institutions and practices;
2. evaluating different interpretations of political issues and events;
3. describing, evaluating and applying different approaches to collecting, analysing and presenting political information;
4. developing a good understanding of the main epistemological issues relative to research in the social sciences, including some major theoretical and epistemological debates in the social sciences, such as explanation of and understanding the differences between positivist, realist and other accounts of social science and the practical implications of the major alternative philosophical positions in the social sciences for research;

**The course concludes with an essay describing the results of students’ research.**

Final grade is calculated from grades for:

* Essay—0.7;
* Lecture attendance—0.3;

For each of the above aspects of evaluation the student receives, correspondingly, on a 10-point scale:

* For essay—0.7 x Q1;
* For lecture attendance—0.3 x Q2;

where Q1, Q2 are grades on a 10-point scale.

***Course Syllabus***

1. **International Political Economy**

 *IPE theory and method*

*Major Concepts of IPE*

*Liberalism*

*Economic Nationalism*

*Critical Theories*

**Reading:**

J.Frieden, R. Lake. International Politics and International Economics. Reader

S. Krasner. Sovereignty. Reader

R. Gilpin. The Nature of International Political Economy.

[Barber, Benjamin. “Jihad Vs. McWorld”](http://www.ocf.berkeley.edu/~gobev/ipe/readings/Barber.txt) Atlantic Monthly Mar. 1992: 53-65.

**2.Research Agenda of IPE: 1970 – 2010. IPE in Russia.**

*The legacy: Adam Smith, John Stuart Mill, Karl Marx; The Interwar divergence:*

*Professionalisation; micro-economics vs politics of war and peace; The**Post-War II incipient debate:*

* *The 1970s: The emergence of IPE as a distinct field of study*

*The Study of the EC and other regions: Integration theory, ne-functionalism (Mitrany, Haas)*

*-how to account for such high levels of cooperation , voluntary agreements and role of non-state actors*

*-transnational communities, identity formation, communication (Deutsch)*

*The end of US led global growth: economy is political collapse of BW; OPEC: the politics of economic choices*

*-The NIEO: the politics of the global economic order*

*-GATT, Japan and the new protectionism: the political economy of trade*

*-Détente and Trade*

* *Economic Interdependence and transnational relations :*

*Disaggregating “the state” (not a unified rational actors): Pluralism and bureaucratic politics (Dahl)*

*Ties across borders not controlled by the state*

*MNEs (Vernon; Cooper)*

*Cost and benefit of interdepence for state autonomy (Keohane and Nye)*

*Defense of state-centred paradigm (Gilpin and Krasner)*

*Hegemonic Stability: Power and liberalism*

*English school of IPE (Susan Strange)*

* *The 1980s-2000s: IPE takes central stage*

*The coming of age of Multinational Corporations*

*FDI- Enters globalisation*

*Explosion of financial sphere; the rise of trade in services*

*The Reagan revolution on the neo-liberal ideology*

*The advent of structural conditionality; WTO round*

*The deepening of economic integration: state policies and regulations in question*

*The new liberal challenge: Regime theory and neo-liberal institutionalism*

*role of ideas and shared understandings, expectations*

*analogies from economic theory (transaction costs; market failure); game theory (Axelrod; Oye)*

**Reading:**

Benjamin Cohen. International Political Economy: An Intellectual History (2008)

Stanislav L. Tkachenko The study of international political economy

in Russia. Communist and Post-Communist Studies 37 (2004) 111–120

**3. International Trade. Political regulation of International Trade. Russia’s Accession to WTO.**

*International Trade and its Effects;*

*The economics of trade;*

*Comparative Advantage; The Heckscher-Ohlin model*

*The economics of trade protection*

*Tariffs and quotas*

*Domestic pressures – societal or institutional*

*International political or economic factors*

*International economics*

*International politics and institutions*

*Protection vs. trade liberalization*

*Trade and domestic income distribution*

*International institutions, unilateralism, and regionalism*

*Trade-related measures toward the environment, social and labor policy*

*Trade-related policies, i.e. exchange rates*

**Reading:**

Smith, Adam. "Excerpts from *The Wealth of Nations*.", Reader

Hamilton, Alexander. "Excerpts from *Report on Manufacturers* Reader

Frieden, Jeffry A. and David A. Lake. "International Politics and International Economics”. Reader

P. Cronin. The Doha Round. Reader.

**4. World Financial System. Origins of International Currencies and International Financial Systems. Imbalances accumulating in the Current International Financial System.**

*Monetary systems*

*Base or standard*

*The operation of an international monetary system*

*The gold standard*

*Floating rates*

*The political economy of exchange rate policy*

*The regime*

*Explaining exchange rate outcomes*

*The collapse of the classical liberal order*

*The decline of the United Kingdom*

*World War I as a turning point*

*Reconstruction of the international economic system*

*The Rise of Bretton Woods and a new liberal order*

*Explaining the new order: four perspectives*

**Reading:**

B. Eichengreen. “Hegemonic Stability Theories of the International Monetary System” Reader

B. Cohen. Monetary Governance in a Globalized World. Reader

S. Goddard. The International Monetary Fund. Reader

Kishore Dash. The Asian Economic Crisis and the Role of the IMF. Reader

O. Babarinde. The Euro Debuts: European Money, Global Money, or Both? Reader

R. Picciotto. The New World Bank for a New Century. Reader

**5. Prospect for the Reform of International Financial Institutions. Russia’s interests in the International Financial System.**

*Political Responses to Financial Crises: Rescues v. Bailouts, Letting it Burn, Regulation, etc.*

*How can governments prevent financial crises?*

*How should governments respond to financial crises?*

*How are the World Bank and IMF controlled?*

*What should they be doing today? How should they be reformed?*

*What is the best way to accomplish that reform?*

*Are international institutions infringing on state sovereignty?*

**Reading:**

Charles P. Kindleberger. *Manias, Panics and Crashes: A History of Financial Crises.* (Basic Books, 1989), chapter 8-10.

Stanley Fischer. “On the Need for an International Lender of Last Resort.” *Journal of Economic Perspectives* 1999 (13): 85-104. http://www.jstor.org/stable/pdfplus/2647014.pdf

Barry Eichengreen. 2002. *Financial Crises and what to do about them.* (New York: Oxford University Press).

Barry Eichengreen. “Anatomy of a Crisis” September 18, 2008. <http://www.econ.berkeley.edu/~eichengr/anatomy_fin_crisis_9-18-08.pdf>

Michael Bordo. “An Historical Perspective on the Crisis of 2007-2008” November 2008. Available at: http://michael.bordo.googlepages.com/An\_Historical\_perspective.pdf

United Nations, 2009. Report of the Commission of Experts of the President of the United NationsGeneral Assembly on Reforms of the International Monetary and Financial System. New York: UnitedNations.

Eichengreen, B., 2009. *Out of the Box Thoughts about the International Financial Architecture*.

Washington, D.C.: IMF Working Paper.

**6.Global Production. Value added Chains and Policies of States**

*Global networks of production, R&D and logistics, and cluster dynamics as a source of advantage*

*Latecomer firms: the processes of resource leverage that enable firms to diversify and enter new markets, and in particular enable latecomer firms to break into advanced industries like semiconductors*

*National competitive advantages, particularly as applied to the case of Asia-Pacific countries;*

*Strategic Trade theory*

Mathews, J. 2009. China, India and Brazil: Tiger Technologies, Dragon Multinationals and the building of National Systems of Economic Learning, ***Asian Business & Management***, 8 (1): 5-32.

Spencer, B. and Brander, J. 1983. International R&D rivalry and industrial strategy. *Review of Economic Studies* 50, 707–22.

Brander, J. and Spencer, B. 1985. Export subsidies and international market share rivalry. *Journal of International Economics* 18, 83–100. Reprinted in *International Trade, Volume 1. Welfare and Trade Policy*, ed. P. Neary, Aldershot, UK. and Brookfield, VT: Edward Elgar, 1995.

**7. Globalization, Regionalization. Criticism of Globalization**.

*Globalization and its discontents*

*Globalization and income distribution*

*Globalization, global problems, and global management*

*Globalization and national sovereignty*

*The crisis*

*Origins of the crisis*

*Course and effects of the crisis*

*International Trade and the Developing Countries*

*The typical economic growth path and its trade policy implications*

*Import substituting industrialization (ISI)*

*Policies and Effects*

*Export-oriented Industrialization (EOI)*

*The turn toward EOI and “globalization”*

*Explaining the policies and the changes*

**Reading:**

T. Kearney [“Measuring Globalization,”](http://www.foreignpolicy.com/issue_janfeb_2001/atkearney.html) Reader

[Stanley Kurtz, "The Future of 'History'"](http://www.ocf.berkeley.edu/~gobev/fp/readings/kurtz.txt) Reader

R. Keohane, J. Nye. Realism and Complex Interdependence. Reader.

C. Gore. The Rise and Fall of the Washington Consensus as a Paradigm for the Developing Countries. Reader.

S. Strange. The Westfailure System. Reader

**8-9. Growth, Inequality, Development, Aid, Debt and Development**

 *Why are there poor countries?*

*Three perspectives*

*What should be done?*

*Marxism vs Modernization Theory*

*Economic Determinism vs. Politics*

*Geographic Determinism vs Politics*

**Reading:**

V. I. Lenin, Imperialism http://www.marxists.org/archive/lenin/works/1916/imp-hsc/index.htm

Warren, B. (September-October 1973). "Imperialism and Capitalist Industrialization." New Left

Review **81**: 3-44. http://www.newleftreview.org.ezpprod1.

hul.harvard.edu/?view=1522

Domar, E. D. (1970). "The Causes of Slavery or Serfdom: A Hypothesis." The Journal of

Economic History **30**(1): 18-32. http://www.jstor.org.ezpprod1.

hul.harvard.edu/stable/2116721?seq=1

Sachs, J. (2001).”Tropical Underdevelopment” NBER Working Paper 8119. Cambridge MA, National Bureau of Economic Research. http://www.nber.org.ezpprod1.

hul.harvard.edu/papers/w8119.pdf?new\_window=1

<http://www.nber.org.ezp> prod1.hul.harvard.edu/papers/w9305.pdf?new\_window=1

Patrick Symmes, “History in the Unmaking,” *Newsweek* Feb19, 2010

http://www.newsweek.com/id/233844

**10.Trade and Economic Sanctions: their efficiency in the Modern World. Economic War. Political Management of International Investment: Keeping the Gates of Domestic Financial Market.**

*Sanctions and general policies*

*A tool in political arsenal*

*Forms of sanctions*

*History of sanctions*

*Legitimacy of sanctions*

*Political objectives of sanctions*

*Limitations on sanctions*

*Ethics of sanctions*

*Effectiveness of sanctions*

*Political Management of the Export of Capital*

*Political Influence on International Financial and Trade Institutions*

*Political Aspects of Currency Regimes*

*Foreign Aid*

**Reading:**

[Gary Clyde Hufbauer](http://www.google.ru/search?hl=ru&tbo=p&tbm=bks&q=inauthor:%22Gary+Clyde+Hufbauer%22). Economic sanctions reconsidered, various editions

**11. Multinational Corporations and the Internationalization of Production. Political and Market Strategy of the Company.**

*Multinational Corporations and the Internationalization of Production*

*Defining foreign direct investment*

*The causes of FDI*

*The OLI approach: ownership, location, internalization*

*The political economy of FDI*

*Domestic societal factors*

*Domestic institutional factors*

*International economic factors*

*International political factors*

*Stages in the political economy of MNC-LDC relations*

**Reading:**

Shah Tarzi, ʺThird World Governments and Multinational Corporations: Dynamics of Host Bargaining Power,ʺ Reader

Zachary Elkins, Andrew Guzman, and Beth Simmons “Competing for Capital: The Diffusion of Bilateral Investment Treaties, 1959‐2000,” Reader

Dan Drezner, “Globalization and Policy Convergence,” Reader

Nye, Joseph S. Jr., Multinational Corporations in World Politics. Reader

Drucker, Peter F.., Multinationals and Developing Countries: Myths and Realities. Reader

**12. Globalization and Current Problems in International Political Economy**

*Inequality*

*Globalization and Environment*

*New approaches to Globalization*

*National Policy Autonomy*

**Reading:**

Jeffry A. Williamson, “Globalization and Inequality, Past and Present” , 1996 [http://papers.ssrn.com/sol3/papers.cfm?abstract\_id=3394#](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=3394)

Jeffrey Frankel, ʺThe Environment and Globalization,ʺ NATIONAL BUREAU OF ECONOMIC RESEARCH, 2003 <http://www.nber.org/papers/w10090>

Kenneth Scheve and Matthew Slaughter, “A New Deal for Globalization,” <http://www.foreignaffairs.com/articles/62641/kenneth-f-scheve-and-matthew-j-slaughter/a-new-deal-for-globalization>

Dani Rodrik, “How to Save Globalization From its Cheerleaders,” The Journal of International Trade and Diplomacy 1 (2), Fall 2007: 1-33 pp. 546‐566 <http://dev.wcfia.harvard.edu/sites/default/files/Rodrick_HowToSave.pdf>

**13. Russia’s interests in the world political-economic system (structured discussion)**

*Russia’s trade interests*

*Russia’s interests in reforming the world financial order*

*Russia’s regional interests in forming the local markets*

**Materials for discussion can be found at***:*

<http://www.wto.ru/>

<http://archive.kremlin.ru/eng/text/docs/2009/03/213995.shtml>

**14. Concluding Seminar: The Future of the World Political, Economic and Financial Order.**

**Final Paper**

**Suggested Research Topics**

1. Crisis of the Euro Zone: its implications
2. Major problems facing regional economic agreements
3. Political order and the strength of National Currency.
4. Domestic responses to Globalization
5. What will replace the Washington Consensus
6. Economic perspectives of Eurasian Union and SCO.
7. Ways to reform international financial institutions
8. Perspectives of the successful completion of the Doha round
9. Advantages and disadvantages of being in WTO in Russia
10. Effectiveness of the mechanisms of global economic governance
11. Effectiveness of international sanctions.
12. Is there a probability of wars for resources
13. Is there a crisis of the European social state
14. How would you describe the economic role of China in the world
15. How to bridge the gap between financial markets and real economy

**The students are invited to come up with their own topic of research!!!**

**Course Schedule**

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| --- | --- | --- | --- | --- |
| №№  | Topics  | Contact Hours | Homework | Hours total |
| Lectures | Seminars | Total |
| 1 | International Political Economy | 4 |  | 4 | 4 | 8 |
| 2 | Research Agenda of IPE: 1970 – 2010. IPE in Russia | 4 |  | 4 | 4 | 8 |
| 3 | International Trade. Political regulation of International Trade. Russia’s Accession to WTO | 4 |  | 4 | 2 | 8 |
| 4 | World Financial System. Origins of International Currencies and International Financial Systems. Imbalances accumulating in the Current International Financial System | 4 |  | 4 | 2 | 8 |
| 5 | Prospect for the Reform of International Financial Institutions. Russia’s interests in the International Financial System | 4 |  | 4 | 4 | 8 |
| 6 | Globalization, Regionalization. Criticism of Globalization | 4 |  | 4 | 4 | 8 |
| 7 | Growth, Inequality, Development, Aid, Debt and Development | 2 |  | 2 | 4 | 6 |
| 8 | Political Management of International Investment: Keeping the Gates of Domestic Financial Market. | 2 |  | 2 | 4 | 6 |
| 9 | Global Production. Value added Chains and Policies of States | 4 |  | 4 | 4 | 8 |
| 10 | Trade and Economic Sanctions: their efficiency in the Modern World. Economic War | 2 |  | 2 | 4 | 6 |
| 11 | Multinational Corporations and the Internationalization of Production. Political and Market Strategy of the Company. Policy of Social Responsibility | 2 |  | 2 | 4 | 6 |
| 12 | Globalization and Current Problems in International Political Economy | 2 |  | 2 | 4 | 6 |
| 13 | Russia’s interests in the world political-economic system  | 2 |  | 2 | 4 | 6 |
| 14 | *Concluding Seminar: The Future of the World Political, Economic and Financial Order* |  | 2 | 2 | 4 | 6 |
|  | Research Project |  |  | - | 30 | 30 |
|  | Total | 40 | 2 | 38 | 90 | 130 |