

Course Title: “World Politics and International Political Economy”

Approved by Academic Council

16 May 2018

Instructor: Prof. Maxim V. Bratersky

Course type: compulsory

ECTS 3

Total hours 114

Course syllabus and Description

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.

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 there 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.

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;

Grading System

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— $0.7 \times Q1$;
- For lecture attendance— $0.3 \times Q2$; 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:

[Barber, Benjamin. "Jihad Vs. McWorld" 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 interdependence 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:

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

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

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:

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. "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 Nations General Assembly on Reforms of the International Monetary and Financial System. New York: United Nations.

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.

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

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.ezpprod1.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

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

12. Globalization and Current Problems in International Political Economy

Inequality

Globalization and Environment New approaches to Globalization National Policy

Autonomy

Reading:

Jeffrey A. Williamson, "Globalization and Inequality, Past and Present" , 1996
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=3394#

Jeffrey Frankel, "The Environment and Globalization," 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.

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