

Political Science 502  
Dr. Jeffrey Lewis  
Syllabus

Cleveland State University (4 Credit Hours)  
Spring 2012

TTH 8:00 – 9:50 PM

RW 338

## **Seminar on International Political Economy**

This course is an advanced seminar on theories, institutions, and issues in the contemporary International Political Economy (IPE). Our goal is to examine today's era of globalization especially in areas of trade, finance, and production. The focus is on the capacities of states and, increasingly, nonstate and supranational actors, to govern and manage the world economy. We follow a theoretically eclectic perspective, using analytical insights from neoclassical economics, mercantilism/statism, Marxism, and sociological approaches. IPE theories will also be applied in class by analyzing and discussing several "real world" case studies during the semester. We will also come to terms with current debates about how institutions matter in IPE, with an emphasis on how different "neoinstitutionalist" approaches – rational choice, sociological, and historical – view the role of institutions and understand the mechanisms by which institutions can trigger change and define the environment within which states interact in global markets. We conclude by studying changing patterns of authority and legitimacy in IPE and what implications this may have on conventional understandings of sovereignty and the nation-state system.

### **Readings**

#### **Required Readings:**

Robert Gilpin (2002) *Challenge of Global Capitalism* (Princeton University Press) ISBN: 9780691092799

John Ravenhill (ed.) (2011) *Global Political Economy*. Third Edition (Oxford University Press) ISBN: 9780199570812

Barry Eichengreen (2008) *Globalizing Capital: A History of the International Monetary System*. Second Edition. (Princeton University Press) ISBN: 9780691139371

Niall Ferguson (2009) *The Ascent of Money: A Financial History of the World* (Penguin) ISBN: 9781594201929

There are also a number of additional required readings marked below with an asterisk (\*). These readings are available in electronic format.

### **Recommended:**

An important supplement to the weekly readings is to follow current IPE developments and to discuss these events in class. To facilitate this exchange of ideas and discussion, I highly recommend a daily newspaper with good international coverage such as the *Financial Times*, the *New York Times*, or the *Wall Street Journal*.

For students who want to brush up on IPE concepts and theories, the following general texts are recommended: Lairson and Skidmore's *International Political Economy*; Spero and Hart's *The Politics of International Economic Relations*; Schwartz's *States Versus Markets*; and the classic treatise by Gilpin, *The Political Economy of International Relations*.

### **Office Hours and Contact Information**

I encourage students to seek me out to discuss issues which are raised in class and in the readings. I can be found during the following times:

TTH 5-6 p.m.  
Or by appointment

Office: RT 1738  
Phone: (216) 687-4678  
Email: [j.lewis07@csuohio.edu](mailto:j.lewis07@csuohio.edu)

### **Course Requirements**

The format of this class places a premium on discussion. It is therefore *imperative to keep up with the reading and come to class prepared to discuss these materials* in an informed and critical manner. Attendance and participation accounts for 15% of your final grade. In class we will discuss the qualitative expectations for attending and participating. Occupying a seat without active participation does not insure you of a good score on this portion of your final grade. Technically speaking, 100% percent attendance by someone who merely keeps a seat warm all semester should expect to earn a grade of less than 50% for this portion of their final grade.

There are two exams: a midterm and a comprehensive final exam. The midterm will be a "take home" exam which will each consist of two essay questions distributed one week in advance. The comprehensive final exam will be a mixture of short answer and essay questions.

There are also two writing assignments, equally weighted and approximately 8-12 pages each in length. Writing assignment 1 consists of a critical analysis to accompany one of the five "case studies" we will explore in class (see outline and respective due dates below). While everyone will read all the case study material and come prepared to

discuss each case in class, each of you will additionally choose **one** of the five cases to analyze in fulfillment of writing assignment 1. A critical analysis is not merely a summary of the readings; you are to critically assess the strengths and weaknesses of the readings and develop your own viewpoint in analyzing the key themes or question of the case study. It is expected that you begin reading and research on your selected case study *well before* the due date, as you may need to consult other sources both primary (news) and secondary (journal articles, books) to complete your analysis. The due date for this assignment is noted in the course outline below, depending on the case study you select. Writing assignment 2 consists of an original research paper on a topic of IPE related to the broad themes of the course. Additional information about the original research paper and advice on selecting a topic will be provided in class.

Take-Home Midterm Exam	20%
Final Exam	25%
Writing Assignments (2 @ 20% each)	40%
Class Participation and Attendance	15%

Final grades will be based on the following scale:

A	92-100
A-	90-91
B+	88-89
B	82-87
B-	80-81
C	70-79
F	69-0

Important due dates:

Midterm (distributed Feb. 28)	Mar. 6
Writing Assignment 1	
Case Study 1 option	Feb. 7
Case Study 2 option	Feb. 28
Case Study 3 option	Mar. 22
Case Study 4 option	Apr. 12
Case Study 5 option	May 1
Writing Assignment 2	Apr. 26
Final Exam	May 8

*Please check these dates carefully.* If you cannot make these exam dates or paper deadlines, I recommend you do not take this course. No “early” exams will be given under any circumstances. Make-up exams will only be given in exceptional circumstances; in all cases, students must have a valid excuse and written documentation

(doctor's note, etc.) AND I should be notified PRIOR to the exam. Make-up exams will be given at my convenience and any missed exam must be taken within ONE WEEK of the original exam or a zero for that exam will be recorded. An essay format will be used for all make-up exams.

Early/late paper policy: Early papers are always welcome. **Late papers will be accepted, but late penalties apply; for each calendar date late, deduct 15 points out of 100;** if you consider this late assessment severe, I agree, so please be sure to turn your papers in on time or early. To be considered "on time," papers are due in typed, hard copy form in class the day of the deadline. **No e-mail papers will be accepted.**

Please note, I do not provide information about grades by e-mail or phone.

The last day to withdraw is Mar. 30.

Finally, my policy on academic dishonesty is simple: zero tolerance. Cheating on exams or plagiarizing material (regardless of source -- this means internet sources too!) will result in a zero for that assignment. The University's policy on academic dishonesty can be found in the student code of conduct; a particularly relevant passage you should be familiar with reads as follows:

Academic honesty is essential to maintain the integrity of the University as an institution and to foster an environment conducive to the pursuit of knowledge. The Cleveland State University Academic Community values honesty and integrity and holds its members to high standards of ethical conduct. Academic dishonesty is, therefore, unacceptable, and students must be prepared to accept the appropriate sanctions for any dishonest academic behavior...Academic misconduct refers to any fraudulent actions or behaviors that affect the evaluation of a student's academic performance or record of academic progress. It includes:

**Cheating** -- Fraudulent acquisition and/or submission of another's intellectual property. This includes but is not limited to the unauthorized giving or receiving of a copy of examination questions, the use of unauthorized or fabricated sources in carrying out assignments, and copying the examination answers of others.

**Plagiarism** -- Stealing and/or using the ideas or writings of another in a paper or report and claiming them as your own. This includes but is not limited to the use, by paraphrase or direct quotation, of the work of another person without full and clear acknowledgment.

Please read the definition of plagiarism carefully. "I didn't know how to cite things" is not a valid defense for failing to give **full and clear acknowledgment** of the ideas or writings of someone else.

### Course Outline

**Part I: Theories of IPE and Historical Lessons for the Contemporary World Economy**

- 1. Introduction: Governing the Global Economy.** “Capitalism is the most successful wealth-creating economic system that the world has ever known” (Gilpin) but it produces this wealth unevenly, may be prone to “manias, panics, and crashes” (Kindleberger), produces losers as well as winners, and can be very disruptive in the international system. How do states and markets interrelate and how do the former “regulate” the latter in today’s era of “turbo-charged capitalism” (Luttwak)? Theories of IPE and normative views on what the role of the state *should be*. The important role of international institutions for coordination and cooperation in an age of interdependence.

Gilpin, introduction and ch. 1

Eichengreen, preface and ch. 1

Ferguson, introduction

Ravenhill, ch. 1 (Ravenhill), ch. 2, (Watson), ch. 3 (Aggarwal/Dupont), and ch. 4 (Hiscox)

- 2. What Went Wrong in the 1930s?** The IPE of unrestrained economic nationalism and beggar-thy-neighbor policies – what are the lessons for today? Is a hegemon necessary, sufficient, or historically contingent for a stable, open IPE? Why the 1980s did not pitch us back to the 1930s and what that might tell us about the 2007-08 global financial crisis.

Eichengreen, ch. 3

\*Kenneth Oye (1992) *Economic Discrimination and Political Exchange: World Political Economy in the 1930s and 1980s* (Princeton University Press), pp. 71-133.

**CASE STUDY 1.** The 2007+ global economic crisis – what are the implications for international institutions, capitalism, and theories of IPE? Readings:

Ferguson, Afterword, pp. 341-58.

\**Financial Times* special series, “Capitalism in Crisis,” January 2012.

\**The Economist*, “Lessons of the 1930s: There Could Be Trouble Ahead,” December 10, 2011.

\*Joseph Stiglitz (2010) *Freefall: America, Free Markets, and the Sinking of the World Economy* (Norton), pp. 238-74.

**DUE DATE** if you choose to complete Paper 1 requirements: **Feb. 7**

**Part II: Post-Bretton Woods Institutions and Strains in “Managing” the World Economy**

3. **What Was the Bretton Woods System (BWS) and How Do We Study Its Institutions?** BWS is synonymous with the vibrant world economy that sprang up after 1945, but also riddled with flaws and weaknesses that critics argue create a highly uneven (and unfair) pattern of wealth creation and recurrent crises. Among IR and IPE scholars, the “neoinstitutionalist” turn represents the attempt to account for the various ways institutions matter and the mechanisms by which institutions change. Institutions create and enforce rules, norms, bargains, monitor compliance, and create frames of meaning within which markets operate. But how does this work in the postwar world economy and how do we measure institutions’ effects?

Gilpin, ch’s 2-3

Ravenhill, ch. 5 (Winham)

Eichengreen, ch’s 1-2, 4

\*John Ruggie (1982) “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,” in S. Krasner (ed.) *International Regimes* (Ithaca, NY: Cornell University Press), pp. 195-232. [NB: originally published in *International Organization*, Vol. 36, No. 2, 1982]

\*John Ruggie (1991) “Embedded Liberalism Revisited: Institutions and Progress in International Economic Relations,” In E. Adler and B. Crawford (eds) *Progress in Postwar International Relations* (New York: Columbia University Press), pp. 201-234.

**CASE STUDY 2.** How does power work in IPE and does a stable, liberal economy need a “hegemon” to last? Readings:

\*Robert Keohane (1984) *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton), pp. 31-46.

\*Charles Kindleberger (1973) *The World in Depression 1929-1939* (UC Press), pp. 129-98 and 291-308.

\*David Lake (1993) “Leadership, Hegemony, and the International Economy: Naked Emperor or Tattered Monarch with Potential?,” *International Studies Quarterly*, Vol. 37, No. 4, pp. 459-89.

**DUE DATE** if you choose to complete Paper 1 requirements: **Feb. 28**

4. **The Monetary “Nonsystem” and International Capital Mobility – the Return of Global Finance.** IPE theorists agree this is the weakest link of the contemporary system. Fixed versus floating exchange rates. The dollar as the international reserve currency and the growing contestation of this “exorbitant privilege.” From benign neglect to “predator” hegemonic behavior and competitive deregulation. The resurrection of global finance and footloose capital. Is this the most “ungovernable” aspect of today’s IPE? Europe’s attempt to construct a “zone of monetary stability” and the euro.

Gilpin, ch’s 4-5

Ravenhill, ch. 7 (Helleiner)

Eichengreen, ch’s 5-7

Ferguson, read the entire book

**Take-Home MIDTERM EXAM: Distributed Feb. 28, DUE BY Mar. 6**

**CASE STUDY 3.** Was the “Great Recession” of 2007+ Inevitable? Re-reading Predictions By Maverick Economists and Political Scientists. Readings:

\*Susan Strange (1998) *Mad Money: When Markets Outgrow Governments* (Michigan), pp. 1-21 and 78-96.

\*Hyman Minsky (1982) *Can “It” Happen Again? Essays on Instability and Finance* (M.E. Sharpe), pp. xi-xxiv, 59-70, 90-116.

\*Hyman Minsky (1986/2008) *Stabilizing An Unstable Economy* (McGraw Hill), pp. xi-xxxv, 249-282.

\*Eric Helleiner (1994) *States and the Reemergence of Global Finance* (Cornell), pp. 101-122, 169-91.

**DUE DATE** if you choose to complete Paper 1 requirements: **Mar. 22**

5. **Economic Development and Uneven Growth.** Why do problems of development persist? Does the “new” era of globalization shrink or widen the gaps between the haves and have-nots? The politics of “conditionality” and the Washington consensus. Do the rise of the BRIC economies prove a fundamental shift in global economic power? Are developing and transition economies really autonomous?

Ravenhill, ch. 12 (Wade), and ch. 13 (Phillips)

**CASE STUDY 4. What “Governs” Today’s Global Economy? Readings:**

\**The Economist* survey, “A Game of Catch-Up: The World Economy,” September 24, 2011.

\*Ian Bremmer and Nouriel Roubini (2011) “A G-Zero World,” *Foreign Affairs*, Mar/Apr, Vol. 90, No. 2, pp. 2-7.

\*Barry Eichengreen (2012) “When Currencies Collapse,” *Foreign Affairs*, Jan/Feb, Vol. 91, No. 1, pp. 117-34.

\*Sebastian Mallaby and Olin Wethington (2012) “The Future of the Yuan,” *Foreign Affairs*, Jan/Feb, Vol. 91, No.1, pp. 135-46.

\*Robert Keohane (2009) “The Old IPE and the New,” *Review of International Political Economy*, Vol. 16, No. 1, pp. 34-46.

**DUE DATE** if you choose to complete Paper 1 requirements: **Apr. 12**

6. **Regionalism and Integration Theory.** Is the “return” of regionalism a “building-block” or “stumbling-block” for the world economy? Why was the mid-1980s a key catalyst in regional integration? Is the European Union an archetype and blueprint or unique experiment? What are the criticisms of advanced regional cooperation: from “spaghetti bowl” confusion to “fortress” mentalities.

Ravenhill, ch. 6 (Ravenhill)

Gilpin, ch’s 7-9

\*Alberta Sbragia (2008) “Comparative Regionalism: What Might That Be?,” *Journal of Common Market Studies*, Vol. 46, Annual Review, pp. 29-49.

**Writing Assignment 2 DUE, Apr. 26**

**CASE STUDY 5.** The Euro as European integration's crown jewel and most risky endeavor yet attempted. Readings:

\**The Economist* survey, "Staring Into The Abyss: Europe and Its Currency," November 12, 2011.

\*David Marsh (2011) "Faltering Ambitions and Unrequited Hopes: The Battle for the Euro Intensifies," *Journal of Common Market Studies*, Vol. 49, pp. 45-55.

\*Martin Feldstein (2012) "The Failure of the Euro," *Foreign Affairs*, Jan/Feb, Vol. 91, No. 1, pp. 105-116.

\*Hans Schmitt (1968) "Capital Markets and the Unification of Europe," *World Politics*, Vol. 20, No. 2, pp. 228-44.

**DUE DATE** if you choose to complete Paper 1 requirements: **May 1**

### **Part III: Emergent Trends and Signs of Change in the World Economy**

7. **Multinational Corporations and Foreign Direct Investment.** The development of global production networks. The competition between states for "footloose" capitalism. The politics of outsourcing.

Gilpin, ch. 6

Ravenhill, ch. 11 (Thun)

\*Paul De Grauwe and Filip Camerman (2002) "How Big are the Big Multinational Companies," Unpublished manuscript, January.

8. **The Changing Boundaries of Authority in IPE.** The growing realm of "private" nonstate authority and cross-border issues that challenge "Westphalian" notions of sovereignty. Signs of democratic deficits and "neo-medieval" allegiances. What are the implications for the legitimacy of the nation-state?

Gilpin, ch. 10

Ravenhill, ch. 9 (McGrew), and ch. 10 (Hay)

- 9. The World Economy in the 21<sup>st</sup> Century: Post-Bretton Woods, Post-Hegemony, Post-Westphalian Nation-State?** We return to the broad themes of the class: the relationship between states and markets, the capacities of “welfare capitalism” to reform itself, and the implications of the “new” era of globalization for domestic policy autonomy and sovereignty.

Gilpin, ch. 11

Ravenhill, ch. 8 (Pauly)

**FINAL EXAM, May 8, 8-10 p.m.**