

Government 6857: International Political Economy

Fall 2009

Jonathan Kirshner
323 White Hall
jdk5@cornell.edu
255-4120

Tom Pepinsky
322 White Hall
pepinsky@cornell.edu
255-4915

This seminar provides an overview of international political economy targeted towards PhD students in the Government department. Students from other programs may register only with the permission of the instructors. There are no prerequisites for the course.

The reading load for this course is substantial, averaging six to seven articles/chapters or approximately three hundred pages per week. Students are expected to have done all of the readings before each class. Note that most of the assigned journal articles are available on-line, and there are also hard copies of the major journals in Olin Library 405. Additional readings will be placed on reserve in that room as well, on the shelf marked for that purpose. Readings should not be removed from the room except to make photocopies *within the building*. All readings are mandatory except for those marked “Background.”

There are four requirements for this class:

1. *Active and thoughtful class participation.* All students are expected to participate actively and regularly in discussions. In addition, two or three times during the semester, pairs of students working together will provide for the class a set of discussion questions for some of the week’s readings.
2. *Critical response paper.* A 7-10 page paper that offers a critique of one of the readings from the syllabus, chosen in consultation with us; due Friday, October 9.
3. *Extension paper.* A 7-10 page paper that proposes a theoretical and/or empirical extension of one of the readings from the syllabus, chosen in consultation with us; due Friday, November 6.
4. *Final paper.* A 20-25 page paper that provides an overview and assessment of “the state of the literature”, based on one of the weekly topics covered in class. Due Monday, December 7.

Given these assignments, it is not appropriate to take an incomplete in this class except as a consequence of extraordinary personal circumstances. Late work will be marked down.

Students interested in background information on economics may wish to consult an intermediate macroeconomics or international economics textbook. We can recommend two: *International Economics: Theory and Policy*, by Paul Krugman and Maurice Obstfeld (Addison Wesley), and *Macroeconomics: Principles, Problems, and Policies*, by Campbell R. McConnell and Stanley L. Brue (McGraw-Hill). Each is clear and accessible to a non-specialist, and used copies are very reasonably priced online.

Week 1 (September 1): Introduction

- Benjamin J. Cohen, *International Political Economy: An Intellectual History* (Princeton University Press, 2008), pp. 1-65.
- Milton Friedman, "The Methodology of Positive Economics," in Milton Friedman, *Essays in Positive Economics* (University of Chicago Press, 1953), pp. 3-43.
- Frank Dobbin, "The Sociological View of the Economy," in Frank Dobbin, *The New Economic Sociology* (Princeton University Press, 2004), pp. 1-48.
- Susan Strange, "Political Economy and International Relations," in Ken Booth and Steve Smith, *International Relations Theory Today* (Penn State University Press, 1995), pp. 154-74.
- Robert Gilpin, *Global Political Economy* (Princeton University Press, 2001), 3-24, 46-76.
- Jeffrey Frieden and Lisa Martin, "International Political Economy: The State of the Sub-Discipline," in Ira Katznelson and Helen Milner, *Political Science: The State of the Discipline* (W.W. Norton, 2002), pp. 118-146.
- Mark Blyth, "International Political Economy as a Global Conversation," in Mark Blyth, *Routledge Handbook of International Political Economy* (Routledge, 2009), pp. 1-20.

Week 2 (September 8): Macro-History

- Robert Gilpin, *War and Change in World Politics* (Cambridge University Press, 1981), pp. ix-xiv, 9-49, 156-85.
- Mancur Olson, *The Rise and Decline of Nations* (Yale University Press, 1984), pp. 1-74.
- Douglass North, *Structure and Change in Economic History* (W.W. Norton, 1982), pp. ix-xi, 3-68, 143-186.
- Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge University Press, 2002), pp. 3-45, 251-75.
- Charles P. Kindleberger, *Manias, Panics, and Crashes* (Basic Books, 1996 (3rd ed.)), pp. 11-20, 146-89.
- Raymond Vernon, "International Investment and International Trade in the Product Cycle," *Quarterly Journal of Economics* 80:2 (May 1966), pp. 190-207.
- James Kurth, "The Political Consequences of the Product Cycle," *International Organization* 33:1 (Winter 1979), pp. 1-34.

Week 3 (September 15): State and Nation

- Robert Gilpin, *U.S. Power and the Multinational Corporation* (Basic Books, 1975), pp. 20-78, 138-162.
- Steven Krasner, *Structural Conflict: The Third World Against Global Liberalism* (University of California Press, 1985), pp. 112-24, 267-71, 294-314.
- Jonathan Kirshner, "Realist Political Economy: Traditional Themes and Contemporary Challenges," in Blyth, *Handbook of International Political Economy*, pp. 36-47
- Rawi Abdelal, *National Purpose in the World Economy* (Cornell University Press, 2005), pp. 1-44, 150-201.
- Miles Kahler, "External Ambition and Economic Performance," *World Politics* 40:4 (July 1988), pp. 419-51.

Robert Ross and Zhu Feng (eds.), *China's Ascent: Power, Security, and the Future of International Politics* (Cornell University Press, 2007), pp. 89-114, 260-90.

Week 4 (September 22): The Problem of Cooperation

Steven Krasner, "State Power and the Structure of International Trade," *World Politics* 28:3 (April 1976), pp. 317-47.

Timothy McKeown, "Hegemonic Stability Theory and 19th Century Tariff Levels in Europe," *International Organization* 37:1 (Winter 1983), pp. 73-91.

Robert Keohane, *After Hegemony* (Princeton University Press, 1984), pp. 31-64, 85-109.

Kenneth Oye, *Economic Discrimination and Political Exchange* (Princeton University Press, 1993), pp. 3-50, 71-104.

John Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in Postwar Economic Order," *International Organization* 36:2 (Spring 1982), pp. 379-416.

Beth Simmons, "The International Politics of Harmonization," *International Organization* 55:3 (August 2001), pp. 589-620.

James D. Fearon, "Bargaining, Enforcement, and International Cooperation," *International Organization* 52:2 (April 1998), pp. 269-305.

Week 5 (September 29): Domestic Politics

Jeffrey Frieden and Ronald Rogowski, "The Impact of the International Economy on National Policies: Analytical Overview," in Robert Keohane and Helen Milner, *Internationalization and Domestic Politics* (Cambridge University Press, 1996), 25-47.

Peter Katzenstein (ed.), *Between Power and Plenty* (University of Wisconsin Press, 1978), pp. 295-336.

Peter Gourevitch, "Breaking with Orthodoxy: The Politics of Economic Policy Responses to the Depression of the 1930s," *International Organization* 38:1 (Winter 1984), pp. 95-129.

Alexander Gerschenkron, *Economic Backwardness in Historical Perspective*, (Harvard University Press, 1962) pp. 5-30.

Kiren Aziz Chaudhry, "The Myths of the Market and the Common History of Late Developers," *Politics and Society* 21:3 (September 1993), pp. 245-74.

Meredith Woo-Cumings (ed.), *The Developmental State* (Cornell University Press, 1999), pp. 1-31, 137-181.

Richard F. Doner, Bryan K. Ritchie and Dan Slater, "Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective," *International Organization* 59:2 (Spring 2005), pp. 327-361.

Week 6 (October 6): Trade

Paul Krugman and Maurice Obstfeld, *International Economics: Theory and Policy*, (Addison Wesley, 2002 (6th edition)), pp. 10-159 (Chapters 2-6). (**BACKGROUND ONLY**)

Helen Milner, "The Political Economy of International Trade," *Annual Review of Political Science* 2 (1999), pp. 91-114.

- James E. Alt and Michael Gilligan, "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions," *Journal of Political Philosophy* 2:2 (June 1994), pp. 165-192.
- Michael J. Hiscox, *International Trade and Political Conflict: Commerce, Coalitions, and Mobility* (Princeton University Press, 2002), pp. 1-41, 133-164.
- Jens Hainmueller and Michael J. Hiscox, "Learning to Love Globalization: Education and Individual Attitudes Toward International Trade," *International Organization* 60:2 (April 2006), pp. 469-498.
- Ronald Rogowski, "Trade and the Variety of Democratic Institutions," *International Organization* 41:2 (March 1987), pp. 203-223.
- Joanne Gowa, "Bipolarity, Multipolarity, and Free Trade," *American Political Science Review* 83:4 (December 1989), pp. 1245-1256.
- David A. Lake, "The State and American Trade Strategy in the Pre-Hegemonic Era," *International Organization* 42:1 (Winter 1988), pp. 33-58.

Week 7 (October 20): Money

- Jeffrey A. Frankel, "No Single Currency Regime is Right for All Countries or at all Times," *Princeton Essays in International Finance* 215 (1999), 1-45. (**BACKGROUND ONLY**)
- Richard Cooper, "Prolegomena to the Choice of an International Monetary System," *International Organization* 29:1 (Winter 1975), pp. 63-98.
- Benjamin Cohen, *The Geography of Money* (Cornell Univ. Press, 2000), pp. 8-46, 119-49.
- Jonathan Kirshner (ed.), *Monetary Orders: Ambiguous Economics, Ubiquitous Politics* (Cornell University Press, 2003), pp. 3-24, 260-80.
- Barry Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression 1919-1939* (Oxford University Press, 1992), pp. 3-28, 390-99.
- Kathleen McNamara, *Currency of Ideas: Monetary Politics in the European Union* (Cornell University Press, 1998), pp. 13-71, 159-78.
- Paul Bowles and Baotai Wang, "'Flowers and Criticism': The Political Economy of the Renminbi Debate," *Review of International Political Economy* 13:2 (May 2006), pp. 233-57.
- Eric Helleiner and Jonathan Kirshner (eds.), *The Future of the Dollar* (Cornell University Press, 2009), pp. 1-23, 216-27.

Week 8 (October 27): Finance, Investment, and Sovereign Debt

- David Andrews, "Capital Mobility and State Autonomy: Toward a Structural Theory of International Monetary Relations," *International Studies Quarterly* 38:2 (June 1994), pp. 193-218.
- Eric Helleiner, *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s* (Cornell University Press, 1994), pp. 1-22, 123-69, 195-209.
- Rawi Abdelal, *Capital Rules: The Construction of Global Finance* (Harvard University Press, 2007), pp. 1-53, 196-223.
- Stephen J. Kobrin, "Testing the Bargaining Hypothesis in the Manufacturing Sector in Developing Countries," *International Organization* 41:4 (September 1987), pp. 609-638.
- Stephen Brooks, *Producing Security: Multinational Corporations, Globalization, and the Changing Calculus of Conflict* (Princeton University Press, 2005), pp. 16-46.

Kenneth A. Schultz and Barry R. Weingast, "The Democratic Advantage: Institutional Foundations of Financial Power in International Competition," *International Organization* 57:1 (February 2003), pp. 3-42.

Michael Tomz, *Reputation and International Cooperation: Sovereign Debt Across Three Centuries* (Princeton University Press, 2007), pp. 1-36, 114-219.

Week 9 (November 3): The Holy Trinity?

Paul Krugman and Maurice Obstfeld, *International Economics: Theory and Policy*, (Addison Wesley, 2002 (6th edition)), pp. 325-480 (Chapters 13-16). (**BACKGROUND ONLY**)

Jeffrey Frieden, "Invested Interests: The Politics of National Economic Policies in a World of Global Finance," *International Organization* 45:4 (September 1991), pp. 425-52.

George E. Shambaugh, "The Power of Money: Global Capital and Policy Choices in Developing Countries," *American Journal of Political Science*, 48:2 (April 2004), pp. 281-295.

David Leblang, "To Devalue or to Defend? The Political Economy of Exchange Rate Policy," *International Studies Quarterly* 47:4 (December 2003), pp. 533-560.

Hector Schamis and Christopher Way, "Political Cycles and Exchange Rate-Based Stabilization," *World Politics* 56:1 (July 2003), pp. 43-78.

David H. Bearce, "Societal Preferences, Partisan Agents, and Monetary Policy Outcomes," *International Organization* 57:2 (April 2003), pp. 373-410.

Ilene Grabel, "Creating 'Credible' Economic Policy in Developing and Transitional Economies," *Review of Radical Political Economics* 29:3 (Summer 1997), pp. 70-78.

Mark Blyth, "The Political Power of Financial Ideas: Transparency, Risk, and Distribution in Global Finance," in Kirshner, *Monetary Orders*, pp. 239-259.

Week 10 (November 10): Regimes and Institutions

Michael A. Bailey, Judith Goldstein, and Barry Weingast, "The Institutional Roots of American Trade Policy," *World Politics* 49:3 (1997), pp. 309-338.

Michael J. Hiscox, "The Magic Bullet? The RTAA, Institutional Reform and Trade Liberalization," *International Organization* 53:4 (autumn 1999), pp. 669-698.

Giovanni Maggi, "The Role of Multilateral Institutions in International Trade Cooperation," *American Economic Review* 89:1 (March 1999), pp. 190-214.

Michael Barnett and Martha Finnemore, *Rules For The World: International Organizations In Global Politics* (Cornell University Press, 2004), 1-72, 156-74.

James Raymond Vreeland, *The IMF and Economic Development* (Cambridge University Press, 2003), pp. 1-52.

Lloyd Gruber, *Ruling the World: Power Politics and the Rise of Supranational Institutions* (Princeton University Press, 2000), pp. 3-12, 33-57, 171-212.

Axel Dreher, Jan-Egbert Sturm, and James Raymond Vreeland, "Global Horse Trading: IMF Loans for Votes in the United Nations Security Council," *European Economic Review* (forthcoming). doi:10.1016/j.euroecorev.2009.03.002.

Week 11 (November 17): Economic Power and Statecraft

- Peter Liberman, "Trading with the Enemy: Security and Relative Gains," *International Security* 21:1 (Summer 1996), pp. 147-75.
- Robert Pollard, *Economic Security and the Origins of the Cold War, 1945-1950* (Columbia University Press, 1985), pp. 1-32, 59-106.
- Jonathan Kirshner, "Economic Sanctions: State of the Art" *Security Studies* 11:4 (Summer 2002), pp. 160-179.
- Daniel Drezner, "The Hidden Hand of Economic Coercion," *International Organization* 57:3 (Summer 2003), pp. 643-659.
- Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton University Press, 1997), pp. 3-42, 170-218.
- Jonathan Kirshner and Rawi Abdelal, "Strategy, Economic Relations, and the Definition of National Interests," *Security Studies* 9:1 (Autumn 1999), pp. 123-62.
- Bruce Bueno de Mesquita and Alastair Smith, "A Political Economy of Aid," *International Organization* 63:2 (April 2009), pp. 309-340.

Week 12 (November 24): Globalization

- Peter Katzenstein, *Small States in World Markets* (Cornell University Press, 1983), pp. 17-38, 191-211.
- Nita Rudra, *Globalization and the Race to the Bottom in Developing Countries* (Cambridge University Press, 2006), pp. 19-108.
- Dani Rodrik, "Why Do More Open Economies Have Bigger Governments?" *Journal of Political Economy* 106:5 (October 1998), pp. 997-1032.
- Geoffrey Garrett, "Global Markets and National Politics: Collision Course or Virtuous Circle?" *International Organization* 52:4 (Autumn 1998), pp. 787-824.
- Beth A. Simmons and Zachary Elkins, "The Globalization of Liberalization: Policy Diffusion in the International Political Economy," *American Political Science Review* 98:1 (February 2004), pp. 171-189.
- Susan Strange, *The Retreat of the State* (Cambridge University Press, 1997), pp. 91-160.
- Saskia Sassan, "Globalization or Denationalization?" *Review of International Political Economy* 10:1 (February 2003), pp. 1-22.

Week 13 (December 1): Progress in IPE?

- Benjamin J. Cohen, *International Political Economy: An Intellectual History* (Princeton University Press, 2008), pp. 142-178.
- David A. Lake, "Open Economy Politics: A Critical Review," *Review of International Organizations* (forthcoming). doi:10.1007/s11558-009-9060-y.
- Various authors, "Not So Quiet in the Western Front: The American School of IPE," *Review of International Political Economy* 16:1 (February 2009), pp. 1-143.
- Various authors, *New Political Economy* (Fall 2009), pp. TBA.