

DHP P217**Global Political Economy****Fall 2017**

Professor Daniel Drezner

Cabot 611

7-4720

daniel.drezner@tufts.edu

Office hours: Wednesday 1 PM – 3:30 PM or by appointment

OVERVIEW

Most people think that *the* question in international relations is the identifying the causes of war. Well, they're wrong. Violence represents only a tiny fraction of global interactions. On the other hand, goods, services, capital, labor, culture and ideas constantly cross borders. A bevy of international regimes, national authorities, non-governmental organizations, criminal syndicates, and private orders exist to promote, prohibit, or regulate these exchanges. Individuals have traded goods across territorial borders since the dawn of the city-state. Over time, individuals, firms, and states have altered their economic relations with each other, in response to changes in technology, ideology, and the distribution of power. What determines the direction, magnitude, governance, and fluctuation of these cross-border flows? How do these flows respond to structural change or exogenous shocks?

This course surveys the theories and issue areas of the global political economy, in the past, present and immediate future. The first section of the course will evaluate the existing concepts and theories used to explain the variations in international economic exchange over time. For example, the levels of global trade and capital flows were extremely high prior to World War I, sunk rapidly during the interwar period, increased after World War II, and exploded after the end of the Cold War. What causes these fluctuations in the international system? I have organized this section into a series of debates (systemic/domestic, ideas/interests) so as to better distinguish what these range of theories have in common and where they diverge.

The second section surveys various issue areas of the global political economy as a testing ground for the theories discussed in the first section. The issue areas that will be examined include: open economy macroeconomics, global finance, and migration. The goal of this section is threefold. First, you will actually have some facts to use in your arguments. Second, it should give you an opportunity to use the analytic tools provided in the first section. Third, it will help illuminate the feedback mechanisms that exist in the global political economy. Just as the global political economy is determined by the behavior of states, firms, and individuals, changes in the global economy affect these actors as well. There are myriad forms of the feedback effects between actors and outcomes in the global economy, many of which are addressed by comparative political economists.

The third section will look at topics of post-2008 debate in the global political economy to see whether the theories and models discussed previously can explain what's going on. How does our current understanding of the global political economy explain the political response to the rise of the BRICs? What is the role of the state in the post-crisis global economy? What is the future of global economic governance?

COURSE REQUIREMENTS

This is a course that examines the political inputs that affect economic outcomes. You are interested in international business, so I am assuming you are already comfortable with basic ideas in economic theory. This means I'm expecting you to read terms like comparative advantage or fixed exchange rate and understanding what those terms mean. If you need to bone up, Krugman and Obstfeld's *International Economics* is a good read. To repeat: *this is not an economics course*. Rather, it is a course that asks how political actors cope with the logic of free and governed markets, and how capitalism in turn shapes and affects these political actors.

A note about the readings. This is a lecture course for Fletcher students. This means that I expect you to have done all of the readings in advance and that you are prepared to discuss them in class. I place great importance on this: you will note that 20% of your grade is determined by your class participation. Read *all* of the assigned materials before class meets. I am aware that this is not the only course you will be taking this quarter, and I have really, really tried to keep the number of pages per week down. Scanning the syllabus, you will probably believe this claim to be insincere, but trust me, there is a lot that is being left out.

You will have three written assignments for this class. The first paper, due in mid-October, is a 1,000 word essay on defining the great powers in the current global economy. The second paper, due right before Thanksgiving, is a 1,500 word analytical essay that argues which prior era of global political economy most closely resembles the current moment, and what that means for the future.

Finally, there will be a 24-hour take-home final. This is open-book and open-note, and designed to be relatively painless. All told, your grade in this course will be determined as follows:

Class participation	10%
First short paper	20%
Second short paper	30%
Final exam	40%

THE READINGS

Required books

Mark Blyth and Matthias Matthijs, eds. *The Future of the Euro*. (New York: Oxford University Press, 2015).

Daniel W. Drezner, *The System Worked* (New York: Oxford University Press, 2015).

Jeffrey Frieden, *Global Capitalism* (New York: W.W. Norton, 2006).

Jeffrey Frieden, David Lake, and Lawrence Broz, eds., *International Political Economy*, 5th edition (New York: Norton, 2009).

Neal Irwin, *The Alchemists: Three Central Bankers and a World on Fire* (New York: Penguin, 2013).

COURSE OUTLINE

PART ONE: THEORETICAL APPROACHES

I: What is political economy? How is political economy different from other aspects of world politics? (9/8)

Leslie Gelb, “GDP Now Matters More Than Force,” *Foreign Affairs* 89 (November/December 2010): 35-43.

Jacob Viner, “Power Versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries,” *World Politics* 1 (October 1948): 1-29.

Charles Lipson, “International Cooperation in Economic and Security Affairs,” *World Politics* 37 (October 1984): 1-23.

Benjamin J. Cohen, “The Triad and the Unholy Trinity: Problems of International Monetary Cooperation,” in Frieden, Lake and Broz.

III: Operationalizing power and authority in the global political economy (9/13)

Robert A. Dahl, “The Concept of Power.” *Behavioral Science* 2 (July 1957): 201-215.

Michael Barnett and Raymond Duvall, “Power in International Relations,” *International Organization* 59 (January 2005): 39-75.

Sean Starrs, “American Economic Power Hasn't Declined—It Globalized! Summoning the Data and Taking Globalization Seriously.” *International Studies Quarterly* 57 (December 2013): 817-830.

Moises Naim, “Why the people in power are increasingly powerless,” *Washington Post*, March 1, 2013.

Randall Schweller, “Emerging Powers in an Age of Disorder.” *Global Governance* 17 (Fall 2011): 285-297.

IV: Contending Approaches: Realism vs. Liberalism (9/15)

Robert Axelrod and Robert Keohane, “Achieving Cooperation Under Anarchy: Strategies and Institutions,” *World Politics* 38 (October 1985): 226-254.

Stephen D. Krasner, “State Power and the Structure of Foreign Trade,” in Frieden, Lake and Broz, eds.

Michael Mastanduno, “System Taker and Privilege Taker: U.S. Power and the International Political Economy,” *World Politics* 61 (January 2009): 121-154.

V: Contending Approaches: Systemic vs. Domestic (9/20)

Robert Putnam, “Diplomacy and Domestic Politics: the Logic of Two-level Games,” *International Organization* 42 (Summer 1988): 427-460.

John W. Meyer, “Globalization: Sources and Effects on Nation States and Societies.” *International Sociology* 15 (June 2000): 233-248.

David A. Lake, “Open economy politics: A critical review.” *Review of International Organizations* 4 (Fall 2009): 219-244.

Thomas Oatley, “The Reductionist Gamble: Open Economy Politics in the Global Economy.” *International Organization* 65 (Fall 2011): 311-341

Ronald Rogowski, “Commerce and Coalitions: How Trade Affects Domestic Political Alignments,” in Frieden, Lake and Broz.

VI: Contending Approaches: Ideas vs. Interests (9/22)

John Gerard Ruggie, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,” *International Organization* 36 (Spring 1982): 379-415.

Jeffrey Chwieroth, “Neoliberal Economists and Capital Account Liberalization in Emerging Markets,” *International Organization* 61 (April 2007): 443-463.

James Ashley Morrison, “Shocking Intellectual Austerity: The Role of Ideas in the Demise of the Gold Standard in Britain,” *International Organization* 70 (Winter 2016): 175-207.

Daniel W. Drezner, *The Ideas Industry* (New York: Oxford University Press, 2017), chapter four.

VII: States, firms, and networks (9/27)

Richard Caves, “The Multinational Enterprise as an Economic Organization,” in Frieden, Lake and Broz.

David Vogel, “Private Global Business Regulation,” *Annual Review of Political Science* 11 (2008): 261-282.

Emilie, M. Hafner-Burton and Miles Kahler, “Network Analysis for International Relations,” *International Organization* 63 (July 2009): 559-592.

PART TWO: THE PAST

VIII: The first era of globalization – the 19th century (9/29)

Frieden, *Global Capitalism*, pp. 1-27.

J. Lawrence Broz, “The Domestic Politics of International Monetary Order: The Gold Standard,” in Frieden, Lake and Broz.

Peter Gourevitch, “International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896,” in Frieden, Lake, and Broz, eds.

David Lake, “British and American Hegemony Compared: Lessons for the Current Era of Decline,” in Frieden, Lake and Broz, eds.

IX: The first great rupture of globalization – the interwar period (10/4)

Frieden, *Global Capitalism*, pp.127-154, 173-194

Barry Eichengreen, “The Political Economy of the Smoot-Hawley Tariff,” in Frieden, Lake and Broz.

Irwin, *The Alchemists*, chapter four.

X: The Bretton Woods and post-Bretton Woods Eras (10/6-10/11)

Frieden, *Global Capitalism*, pp.253-300, 339-391

Barry Eichengreen, “Hegemonic Stability Theories of the International Monetary System,” in Frieden, Lake and Broz

Zachary Elkins, Andrew T. Guzman, and Beth A. Simmons, “Competing for Capital: The Diffusion of Bilateral Investment Treaties, 1959–2000,” in Frieden, Lake and Broz.

XI: The Washington Consensus (10/14 – NOTE SPECIAL TIME)

John Williamson, “A Short History of the Washington Consensus,” September 2004.

Daniel W. Drezner, *The System Worked*, chapter six.

Richard Freeman, “Are Your Wages Set in Beijing?” in Frieden, Lake and Broz, eds.

David Dollar, “Globalization, Poverty, and Inequality since 1980,” in Frieden, Lake and Broz, eds.

Irwin, *The Alchemists*, chapter eight.

XII: The Subprime Mortgage Bubble and the 2008 Financial Crisis (10/18-10/22)

Carmen Reinhart and Kenneth Rogoff, “Banking Crises: An Equal Opportunity Menace.” NBER Working Paper No. 14587, December 2008.

Michael Lewis, “The End,” *Portfolio*, December 2008. At <http://www.mutualfundsbureau.com/docs/PortfolioMagazineArticle.pdf>.

Simon Johnson, “The Quiet Coup,” in Frieden, Lake and Broz, eds.

Irwin, *The Alchemists*, chapters nine, ten and eleven.

10/22: FIRST PAPER ASSIGNMENT DUE.

10/25-10/27 – NO CLASS

XIII: The Great Recession and the New Normal (11/1)

Drezner, *The System Worked*, chapters 1-4, 7.

PART III: THE PRESENT**XIV: Open economy macroeconomics and policy coordination (11/3)**

Thomas Willett, “Developments in the Political Economy of Policy Coordination.” *Open Economies Review* 10 (May 1999): 221-253.

Barry Eichengreen, “Mr. Bernanke Goes to War,” *The National Interest* 111 (January/February 2011): 6-14.

Irwin, *The Alchemists*, chapter fifteen.

Hélène Rey, “Dilemma not Trilemma: The global financial cycle and monetary policy independence”, VoxEU.org, August 31, 2013

Michael Klein and Jay Shambaugh, “Is there a dilemma with the Trilemma?” VoxEU.org, September 27, 2013.

XV: Fiscal Policy and the Politics of Sovereign Debt (11/8-11/10)

Blyth and Matthijs, *The Future of the Euro*, selected chapters.

Irwin, *The Alchemists*, chapters thirteen, sixteen, seventeen and nineteen.

Niall Ferguson, “Complexity and Collapse,” *Foreign Affairs* 89 (March/April 2010): 18-32.

XVI: The Global Political Economy of Migration (11/15)

Hein De Haas, “International Migration, Remittances and Development: Myths and Facts.” *Third World Quarterly* 26 (2005): 1269-1284.

Khalid Koser, “Introduction: International migration and global governance.” *Global Governance* 16 (2010): 301-315.

Koko Warner, “Global environmental change and migration: Governance challenges.” *Global Environmental Change* 20 (August 2010): 402-413.

PART IV: THE FUTURE

XVII: The Future Distribution of Economic Power (11/17)

Naazneen Barma, Ely Ratner and Steven Weber, “The Mythical Liberal Order.” *The National Interest* 124 (March/April 2013): 56-67.

Arvind Subramanian, “The Inevitable Superpower,” *Foreign Affairs* 90 (September/October 2011): 66-78.

Dani Rodrik, “The Future of Economic Convergence,” Harvard University, August 2011, <http://www.kansascityfed.org/publicat/sympos/2011/2011.Rodrik.Paper.pdf>.

Drezner, *The System Worked*, chapter five.

XVII: Economic Sanctions in the 21st Century (11/22)

Peter Andreas, “Criminalizing Consequences of Sanctions: Embargo-Busting and Its Legacy.” *International Studies Quarterly* 49 (June 2005): 335-60.

Nicholas Miller, “The Secret Success of Nonproliferation Sanctions.” *International Organization* 68 (Fall 2014): 913-944

Daniel W. Drezner, “Targeted Sanctions in a World of Global Finance.” *International Interactions* 41 (Summer 2015): 755-764.

John Chipman, “Why Your Company Needs a Foreign Policy,” *Harvard Business Review* 94 (September 2016).

XIX: The Future of the Dollar (11/29)

Barry Eichengreen, “Number One Currency, Number One Country?” *The World Economy* 36 (April 2013): 363–374.

Doug Stokes, “Achilles’ Deal: Dollar Decline and US Grand Strategy after the Crisis.” *Review of International Political Economy*: forthcoming.

Jonathan Kirshner, “Bringing Them All Back Home? Dollar Diminution and U.S. Power.” *The Washington Quarterly* 36 (Fall 2013): 27–45.

XX: The Future of Economic Inequality? (12/1)

Chrystia Freeland, “The Rise of the New Global Elite,” *The Atlantic*, January/February 2011.

Robert Gordon, “Is U.S. Economic Growth Over? Faltering Innovation Confronts the Six Headwinds,” NBER Working Paper No. 18315, August 2012.

Derek Thompson, “A World Without Work,” *The Atlantic*, July 2015.

Larry Summers, IMF speech, IMF Economic Forum, November 8, 2013, at <http://youtu.be/KYpVzBbQIX0>.

XXI: The Future of the Liberal Economic Order? (12/6)

Francis Fukuyama, “American Political Decay or Renewal?” *Foreign Affairs* 95 (July/August 2016): 58-68.

Yascha Mitchell and Roberto Foa, “The Democratic Disconnect,” *Journal of Democracy* 27 (July 2016): 5-17.

Jonathan Rothwell, “Explaining Nationalist Political Views: The Case of Donald Trump,” Gallup, August 2016.

Ronald Inglehart and Pippa Norris, “Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash.” HKS Faculty Research Working Paper Series RWP16-026, August 2016.

Joshua Kurlantzick, “State Capitalism and the Return of Economic Interventionism,” *World Politics Review*, July 12, 2016.

XXII: Complexity, Resiliency, and Catastrophe (12/8)

Scott Page, “Are We Collapsing? A Review of Jared Diamond’s *Collapse: How Societies Choose to Fail or Succeed*,” *Journal of Economic Literature* 43 (December 2005): 1049-1062.

Sergey Buldyrev *et al*, “Catastrophic cascade of failures in interdependent networks,” *Nature* 464 (April 2010): 1025-1028.

Joel Achenbach, “The Century of Disasters,” *Slate*, May 13, 2011.

FINAL EXAM: 24-HOUR TAKE-HOME, STARTING MONDAY, DECEMBER 12th AT 10:00 AM