DHP P217

Global Political Economy

Fall 2017

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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:

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<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class participation</td>
<td>10%</td>
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<tr>
<td>First short paper</td>
<td>20%</td>
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<td>Second short paper</td>
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<tr>
<td>Final exam</td>
<td>40%</td>
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THE READINGS

Required books


COURSE OUTLINE

PART ONE: THEORETICAL APPROACHES

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


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


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


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

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


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


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


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


**PART TWO: THE PAST**

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


Peter Gourevitch, “International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896,” 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


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

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


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)


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)


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.


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


PART IV: THE FUTURE

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


Drezner, The System Worked, chapter five.


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


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


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.


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


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