International Political Economy & Institutions
INRE 43800 – Winter 2008

Committee on International Relations
University of Chicago
Thursday 1.30pm–4.20pm
Room: Pick 319

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Office Hours
Thursday
10am–12pm
or by appointment

Course Overview

The purpose of this course is to explore the interactions between politics and economics in the international system. In the first part of the course, we will explore the theories and approaches in political science that attempt to explain variation in economic exchange in the international system. In the second half, we will address various issues in international political economy, such as international trade, finance, globalization, and regional integration. In these sessions, we will use the theories and analytical tools developed in the first part to critically evaluate the research in these arenas.

In this course, we consider how political institutions and actors deal with the market, and in turn, how the market affects those same institutions and actors. This is not an economics course. However, a certain background knowledge of economic theories, such as the law of comparative advantage, will be helpful. To that end, I listed Krugman and Obstfeld’s text in the recommended books section. It is a useful and readable starting point for understanding international economics.

Course Expectations and Requirements

Response Papers

Each student will complete three written critiques of the readings, 2000-2500 words each. Each paper should be distributed to all class members via email by 1pm the Tuesday before class. These response papers will be the starting point for our discussion each week. The authors will also be expected to help lead the discussion during their week. Each student will choose one session from each of the following groups: 2-4, 5-7, and 8-10. To ensure even coverage, we will coordinate response papers during the first session.

I expect the papers to be analytical response papers, not simply restatements of the main arguments for a particular week. Rather than summaries, your critique should focus on the strengths and weaknesses of the readings, including addressing any debates between the readings as well as discussing any interesting unanswered research questions raised by the authors. Do not feel obliged to address each article from the week. Rather, you may want to focus on one issue or debate and follow it through several pieces. The supplementary readings provide additional resources for this purpose and you are welcome to introduce them to the course. For these readings, though, be aware your classmates will not have read them so a little more summarizing may be in order.
Book Review

In addition, students will write one book review on a work in the Supplementary Readings, 800-1200 words. You may propose a book not on the syllabus that is pertinent to the topics of a class section, but each book may be reviewed only once. Similar to the response papers, the better reviews will not simply describe the main argument but focus on evaluating the theory and empirics. Issues to address include: central question(s) and its relevance in the scholarly literature and/or the policy world, the clarity and validity of the theory, and the quality of the key evidence. Book reviews are to be circulated to students and the instructor no later than 24 hours before the appropriate class session, i.e., by 1 pm on Tuesday. Book reviews will be distributed on a first-come first-serve basis, so notify the instructor when you select a book.

Evaluation

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<tr>
<td>Response Papers (3)</td>
<td>60%</td>
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<tr>
<td>Book Review</td>
<td>15%</td>
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<td>Participation</td>
<td>25%</td>
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Readings

All books will be available for purchase from the Seminary Co-op Bookstore, and will be placed on reserve at the Regenstein Library. Designated readings will be available on Chalk. All articles are available on-line, either in JSTOR (www.jstor.org) or directly through the library subscriptions, and will be linked in Chalk.

Required Books


Recommended Books

Class Schedule

1 Theoretical Approaches

1.1 Overview of IPE and Political Science Methods
(Session 1: 10 January)

Required Readings

Gilpin, Global Political Economy:
- Ch. 1 “The New Global Economic Order”: 3-24
- Ch. 4 “The Study of International Political Economy”: 77-102
- Ch. 5 “New Economic Theories”: 103-128
- Recommended, but optional: Ch. 3 “The Neoclassical Conception of the Economy”: 46-76


Supplementary Readings


1.2 State Power
(Session 2: 17 January)

Required Readings


**Supplementary Readings**


**1.3 Cooperation in the International Economy (Session 3: 24 January)**

**Required Readings**


Institutionalism.” *International Organization* 42.3 (Summer): 485-507.


**Supplementary Readings**


More on the Relative Gains Debate


2 Issue Areas

2.1 International Trade, Part 1: International Influences
(Session 4: 31 January)

Required Readings

Gilpin, Global Political Economy, Ch. 8, p. 196-233.


Keohane, After Hegemony, Chs. 8-11, p. 135-259.


Supplementary Readings


2.2 International Trade, Part 2: Domestic Influences
(Session 5: 7 February)

Required Readings


Hiscox, International Trade and Political Conflict: 
- Chs. 1-4, p. 3-70.
- Ch. 7, p. 96-103.
- Chs. 10-11, p. 128-164.


Supplementary Readings

2.3 Foreign Direct Investment & Development
(Session 6: 14 February)

Required Readings


Gilpin, Global Political Economy, Chs. 11 and 12, p. 278-340.


Malesky, Edmund J. 2006. “Straight Ahead on Red: The Impact of Foreign Direct Investment on De Facto


Supplementary Readings


Li, Quan and Adam Resnick. 2003. “Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries.” International Organization 57.1 (January): 175-211.


articles by Paul Collier and Jan Willem Gunning (Why Has Africa Grown Slowly?) and Benno J. Ndulu and Stephen A. O’Connell (Governance and Growth in Sub-Saharan Africa).


### 2.4 International Finance and Monetary Politics
**Session 7: 21 February**

**Required Readings**


Hausmann, Ricardo. 1999. “Should There Be Five Currencies or One Hundred and Five?” *Foreign Policy* 116 (Fall): 65-79.


**Supplementary Readings**


2.5 Regional Integration and the (Re-)Allocation of Authority
(Session 8: 28 February)

Required Readings

Gilpin, Global Political Economy, Ch. 13, p. 341-361.

Nelsen & Stubb, The European Union:
- Part 1: Churchill, Schuman, Monnet, de Gaulle, Thatcher, Delors, Fischer, Chirac, and Blair.
- Ernst Haas, Ch. 16 “The Uniting of Europe”: 145-149.
- Leon N. Lindberg, Ch. 17 “Political Integration: Definitions and Hypotheses”: 151-162.
- Stanley Hoffman, Ch. 18 “Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe”: 163-177.
- Liesbet Hooghe and Gary Marks, Ch. 28 “Multi-Level Governance in the European Union”: 281-311.

Supplementary Readings


- Stephan Haggard, Ch. 2 “Regionalism in Asia and the Americas”: 20-49.
- Helen V. Milner, Ch. 4 “Industries, Governments, and the Creation of Regional Trade Blocs”: 77-106.
- Pier Carlo Padoan, Ch. 5 “Regional Agreements as Clubs: The European Case”: 107-133.
- Joseph M. Grieco, Ch. 7 “Systemic Sources of Variation in Regional Institutionalization in Western Europe, East Asia, and the Americas”: 164-187.


Nelsen & Stubb, *The European Union:*
- Karl Deutsch et al., Ch. 15 “Political Community and the North Atlantic Area”: 121-143
- Bela Balassa, Ch. 19 “The Theory of Economic Integration”: 179-191


### 2.6 Globalization, Part 1: The Causes of Liberalization
*(Session 9: 6 March)*

**Required Readings**


* See Session 10 for Supplementary readings

### 2.7 Globalization, Part 2: The Effects of Liberalization
*(Session 10: 13 March)*

**Required Readings**


Supplementary Readings


Last updated: January 10, 2008.
International political economy (IPE), also known as global political economy (GPE), refers to either economics or an interdisciplinary academic discipline that analyzes economics, politics and international relations. When it is used to refer to the latter, it usually focuses on political economy and economics, although it may also draw on a few other distinct academic schools, notably political science, also sociology, history, and cultural studies. IPE is most closely linked to the fields of Interests and Institutions in International Political Economy. The Global Economy in Historical Context. Conclusion. Key Terms. Suggestions for Further Reading. Chapter 2 The WTO and the World Trade System. What is the World Trade Organization? Thomas Oatley succeeds in writing an international political economy text that political science students will find accessible and economics students will find interesting. Incorporating and integrating essential concepts underlying IPE as well as contemporary scholarship, Oatley provides a succinct and effective foundation for understanding the field and the insights it can provide for current policy issues and dilemmas. Robert G. Blanton, University of Alabama-Birmingham. Political economy is the study of production and trade and their relations with law, custom and government; and with the distribution of national income and wealth. As a discipline, political economy originated in moral philosophy, in the 18th century, to explore the administration of states' wealth, with "political" signifying the Greek word polity and "economy" signifying the Greek word οἰκονομία (household management). The earliest works of political economy are usually attributed to the British.