

26:553:607:1 Global Political Economy

Fall 2018

1 Washington Park, #303, Newark

Wednesdays: 5:30 – 8:10 PM

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Wednesdays: 3:00 – 5:00 PM

Course Description

This course offers a global perspective on long term change in the world economy, and the interaction between countries, regulatory systems and organizations. Attention is especially focused on the dynamics of international trade and investment, including the relationship between trade and economic growth, trade imbalances and protectionism, foreign direct investment and the role of MNCs in the global economy. The role of economic, social and political institutions is also a central feature of our discussion, including the international trading and financial systems, national institutional environments, and the interaction between multinational companies and both the state and multilateral institutions.

Course Structure**Class Participation**

This is a graduate level seminar course. This means you are primarily responsible for discussing the readings. You are expected to do all the required readings for each session and to be prepared to discuss and comment on the readings. You should first present the key point of each article, and then attempt to critique or find common themes, contradictions, or contrasting views across the assigned readings. Additionally, you should discuss current or historical events (e.g., the global economic crisis, the collapse of WTO trade talks, etc.) that relate to the assigned readings and how theories discussed in the articles do (or do not) explain different facets of the events. My assessment of your performance in the class is based on the write-ups you will do for each class, and your active involvement in the class discussions.

Reading Presentations

Each reading will be assigned to one student, who will be responsible for discussing it in the class. Please plan your presentation for about 20 minutes, so that we have enough time to critically analyse each article.

Short Papers

In addition to the weekly readings, each student must write a short paper (about 3-5 pages) every 2 to 3 weeks, comparing and criticizing the readings. You have to submit a total of 3 of these papers. Please include the following items in your papers:

- Summarized by: your name
- List of articles that you are analysing.

Please submit these term papers **before the start of the class** in which the selected articles are to be discussed.

Research Paper

You will be required to write a research paper. The paper should relate to one of the topics discussed in class and should be between 4000-5000 words (excluding references). It will be due on the last day of class. Depending on the class size, we will decide about the presentation of the term papers.

The topic for the research paper must be chosen from one of the topics covered during the term. The term paper must demonstrate an understanding of the issues raised in the relevant lecture, and make reference to the readings set for that topic. The course has been designed as an integrated treatment of the subject with underlying connections between topics. The term paper should therefore also demonstrate an appreciation of how the answer to a specific question on a given topic fits into the broader context of the course.

GRADING POLICY

Participation	20%
Class Presentations	20%
Reading Summaries	20%
Research Paper	40%

Course Material

Readings for each class are listed in the detailed course outline. Several of these readings come from the following text, which provides a good overview of the subject matter of this course:

Gilpin, R. (2001), *Global Political Economy: Understanding the International Economic Order*, Princeton: Princeton University Press (hereafter GPE).

Other readings are from journals and books which are easily available in the university library.

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (https://slwordpress.rutgers.edu/academicintegrity/wp-content/uploads/sites/41/2014/11/AI_Policy_2013.pdf). I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” [I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work.] Don’t let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

CLASSROOM CONDUCT

Since faculty members tend to have somewhat different expectations as to class behavior and course norms, I'd like to outline a few of my expectations concerning such matters.

1. I plan to be prepared for every class and I expect you to do the same. Since I frequently call on individuals whose hands are not raised, you should let me know before the start of the class if some emergency has made it impossible for you to be prepared adequately for that class.
2. I consider attendance at every class to be very important. Please schedule other activities at times other than those during which this class meets. In the event that you do have to miss a class during the semester, I would appreciate it if you would let me know in advance of that class.
3. Academic integrity is very important. All assignments will be checked by “safe assign”, and cases of plagiarism will be treated as per the university policies.
4. I will be happy to discuss the course, your progress, or any other issues of interest to you on an individual basis.
5. Given the importance of this course, I will do everything that I can to use class time effectively and ask that you do the same. This will include arriving, starting, and ending on time.

Class Topics

Week 1 (Sep 5)	Introduction to international political economy.
Week 2 (Sep 12)	Introductory concepts.
Week 3 (Sep 19)	International trade and globalization.
Week 4 (Sep 26)	The political economy of international trade.
Week 5 (Oct 3)	The political economy of the international monetary system.
Week 6 (Oct 10)	Discussion of the Term Paper outlines. BREXIT Discussion
Week 7 (Oct 17)	Financial crises and the international financial system.
Week 8 (Oct 24)	Political economy of growth and development
Week 9 (Oct 31)	Political economy of multilateral institutions.
Week 10 (Nov 7)	National political sovereignty and the multinational corporation.
Week 11 (Nov 14)	National systems of innovation and political economy.
Week 12 (Nov 28)	Multinational business strategy.
Week 13 (Dec 5)	Term paper presentations.
Week 14 (Dec 12)	Term paper presentations. Term paper submissions.

Detailed Outline (subject to change)

Week 1: Introduction to international political economy

You do not need to come prepared for this class. The instructor will introduce the course material and give an overview of the field.

Week 2: Introductory concepts

Gilpin, R. 2001. The neoclassical conception of the economy. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 3. Princeton University Press.

Gilpin, R. 2001. The study of international political economy. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 4. Princeton University Press.

Kitson, M., & Michie, J. 1999. The political economy of globalization. In D. Archibugi, J. Howells, & J. Michie (Eds.), *Innovation policy in a global economy*: chapter 9. Cambridge University Press.

Lake, David. 2009. Open Economy Politics: A critical review. *The Review of International Organizations*, 4 (3): 219-44.

Moravcsik, Andrew. 1997. Taking Preferences Seriously: A Liberal Theory of International Politics. *International Organization* 51 (4):513-53.

Nelson, R. R. 2002. Bringing institutions into evolutionary growth theory. *Journal of Evolutionary Economics*, 12(1-2): 17-28.

Week 3: International trade and globalization.

Guest Lecturer: Professor Markus Taussig

<http://www.business.rutgers.edu/faculty/markus-taussig>

Freeman, R. B. 1995. Are your wages set in beijing? *Journal of Economic Perspectives*, 9(3): 15-32.

Brown, D. 2001. Labor standards – where do they belong on the international trade agenda? *Journal of Economic Perspectives*, 15(3): 89-112.

Taussig, M., Malesky, E. 2017. The Danger of Not Listening to Firms: Government Responsiveness and the Goal of Regulatory Compliance. *Academy of Management Journal*, 60(3), 2017.

Juan Díez Medrano, Michael Braun. 2012. Uninformed citizens and support for free trade. *Review of International Political Economy*, 19:3, 448-476.

Matthias Ecker-Ehrhardt. 2014. Why parties politicise international institutions: On globalisation backlash and authority contestation. *Review of International Political Economy*, 21:6, 1275-1312.

Burgoon, Brian. 2009. Globalization and backlash: Polayni's revenge? *Review of International Political Economy* 16 (2):145 - 77.

Week 4: The political economy of international trade.

Guest Lecturer: Professor Sinead Monaghan

<http://www.business.rutgers.edu/faculty/sinead-monaghan>

Gilpin, R. 2001. New economic theories. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 5. Princeton University Press.

Gilpin, R. 2001. The trading system. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 8. Princeton University Press.

Gawande, Kishore, Pravin Krishna, and Marcelo Olarreaga. 2009. What Governments Maximize and Why: The View from Trade. *International Organization*, 63 (3):491-532.

Hiscox, Michael J. 2002. Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation. *American Political Science Review*, 96 (3):593-608.

Mansfield, Edward D., and Diana C. Mutz. 2009. Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety. *International Organization*, 63 (3):425-57.

Week 5: The political economy of the international monetary system.

Gilpin, R. 2001. The international monetary system. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 9. Princeton University Press.

Broz, J. Lawrence, and Jeffry A. Frieden. 2001. "The Political Economy of International Monetary Relations." *Annual Review of Political Science* 4 (1):317-43.

Eichengreen, B., & Sachs, J. 1985. Exchange rates and economic recovery in the 1930s. *The Journal of Economic History*, 45(4): 925-946.

Calvo, G., & Mishkin, F. 2003. The mirage of exchange rate regimes for emerging market countries. *Journal of Economic Perspectives*, 17(4): 99-118.

Week 6: Term paper discussion. Please prepare two to three slides to briefly present the idea and outline of your term paper. The outline should have a brief description of different things that you will cover in the final paper.

Special Discussion: BREXIT and the New Trade Order

Please prepare a 3 slide presentation on this topic.

Week 7: Financial crises and the international financial system.

Gilpin, R. 2001. The international financial system. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 10. Princeton University Press.

Kaminsky, G., Reinhart, C., & Vegh, C. 2003. The unholy trinity of financial contagion. *Journal of Economic Perspectives*, 17(4): 51-74.

Obstfeld, M. 1998. The global capital market: benefactor or menace? *Journal of Economic Perspectives*, 12(4):9-30.

Krugman, P. R. 2007. Will there be a dollar crisis? *Economic Policy*, 22(51): 436-455, and O'Rourke, K. 2007. Discussion. *Economic Policy*, 22(51): 455-457.

Calvo, G. A., Leiderman, L., & Reinhart, C. M. 1996. Inflows of capital to developing countries in the 1990s. *Journal of Economic Perspectives*, 10(2):123-139.

Week 8: Political economy of growth and development

Sen, A. 1999. *Development as freedom*: chapters 1-2, 4. New York: Anchor Books.

Alesina, Alberto, and David Dollar. 2000. Who Gives Foreign Aid to Whom and Why? *Journal of Economic Growth*, 5 (1):33-63.

Banerjee, A., & Duflo, E. 2007. The economic lives of the poor. *Journal of Economic Perspectives*, 21(1): 141-167.

Easterly, W. 2003. Can foreign aid buy growth? *Journal of Economic Perspectives*, 17(3): 23-48.

Simone, D. 2016. Donor political economies and pursuit of aid effectiveness. *International Organization*, 70 (1): 65-102.

Dmitri, L., & Kapstein, E. B. 2001. Inequality, growth and democracy. *World Politics*, 53(2): 264-296.

Week 9: Political Economy of Multilateral Institutions

Gilpin, R. 2001. The political economy of regional integration. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 13. Princeton University Press.

Gilpin, R. 2001. Governing the global economy. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 15. Princeton University Press.

Goldstein, Judith L., Douglas Rivers, and Michael Tomz. 2007. Institutions in International Relations: Understanding the Effects of the GATT and the WTO on World Trade. *International Organization*, 61 (1):37-67.

Kuziemko, Ilyana, and Eric Werker. 2006. How Much Is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations. *Journal of Political Economy*, 114 (5):905-30.

Supplemental Study: Dreher, Axel, Jan-Egbert Sturm, and James Raymond Vreeland. 2009. Global Horse Trading: IMF Loans for Votes in the United Nations Security Council. *European Economic Review*, 53 (7):742-57.

Milner, Helen V. 2005. Globalization, Development, and International Institutions: Normative and Positive Perspectives. *Perspectives on Politics*, 3 (4):833-54.

Week 10: National political sovereignty and the multinational corporation

Gilpin, R. 2001. The state and the multinationals. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 11. Princeton University Press.

Gilpin, R. 2001. The nation-state in the global economy. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 14. Princeton University Press.

Bhagwati, J. 2007. Corporations: Predatory or Beneficial? In J. Bhagwati (Ed.), *Defense of Globalization*: chapter 12. Oxford University Press.

Desbordes, Rodolphe, and Julien Vauday. 2007. The Political Influence of Foreign Firms in Developing Countries. *Economics & Politics*, 19 (3):421-51.

Kobrin, S. J. 2008. Sovereignty @ bay: globalization, multinational enterprise, and the international political system. In A. M. Rugman, & T. L. Brewer (Eds., 2001), *Oxford handbook of international business*: chapter 7. Oxford University Press.

Week 11: National systems of innovation and political economy.

Gilpin, R. 2001. National systems of political economy. In R. Gilpin (Ed.), *Global political economy: understanding the international economic order*: chapter 7. Princeton University Press.

Taylor, M. Z. 2006. The Political Economy of Technological Innovation: A Change in Debate. Ph. D. dissertation, MIT.

Chapter 2: Varieties of capitalism and technological innovation (pages 17-36).

Chapter 3: Political decentralization and technological innovation (pages 37-54).

Chung, C. 2013. Government, policy-making and the development of innovation system: The cases of Taiwanese pharmaceutical biotechnology policies (2000–2008). *Research Policy*, 42: 1053-1071.

Mahmood, I. P. & Ruffin, C. 2005. Government's dilemma: The role of government in imitation and innovation, *Academy of Management Review*, Vol. 30 (2): 338-360.

Dosi, G. 1999. Some notes on national systems of innovation and production, and their implications for economic analysis. In D. Archibugi, J. Howells, & J. Michie (Eds.), *Innovation policy in a global economy*: chapter 3. Cambridge University Press.

Week 12: Institutions, Emerging Markets ad Multinational strategy.

North, D. C. 1991. Institutions. *Journal of Economic Perspectives*, 5: 97-112.

Prahalad, C. K. The Market at the Bottom of the Pyrramid.

Ghoshal, S. and C.A. Bartlett. 1990. The Multinational Corporation as an Interorganizational Network, *Academy of Management Review*, 15 (4): 603-625.

Gupta, A.K., & Govindarajan, V. 1991. Knowledge flows and the structure of control within multinational firms. *Academy of Management Review*, 16: 768-792.

Birkinshaw, Julian and Neil Hood. 1998. Multinational subsidiary evolution: Capability and charter change in foreign-owned subsidiary companies. *Academy of Management Review*. 23(4): 773-795.