**International Political Economy (SISU 220)**

Prof. C. Randall Henning

Section 003

American University

School of International Service

Fall 2020

**Online Meeting Times**: Monday and Thursday, 4:05-5:20 p.m.

**Online Office Hours**: Immediately after each class meeting

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**Course Description**

The field of International Political Economy (IPE) studies how politics shape developments in the global economy and how economic globalization shapes national politics and economics. A sub-discipline of International Relations, IPE is concerned with the role of power, institutions and ideas in the governance of the global economy. This course reviews the main substantive issues of international economic relations through the contending theoretical perspectives of the field. Current trade disputes, financial crises, pandemic responses, the global recession and the U.S. elections are used to illuminate IPE principles. The course is a first step in understanding the organization of the world economy and its implications for nation states, civil society, private firms and international organizations.

**Learning Objectives:**

By the end of this course, students will be able to:

1. Define the field of international political economy and identify the field's basic concepts;
2. Understand how the world's nation-states became economically interdependent, how that interdependence affected domestic politics and economics, generating backlash;
3. Describe the basic principles of the international trade and financial systems, explaining how they have evolved over time;
4. Analyze the major debates in IPE concerning global economic governance, institutional reform, sovereign debt, austerity, trade, development and cyberspace;
5. Critically evaluate information concerning international economic and political relations.

This class will combine the lecture format with class discussion. Students are expected to attend each class session and be ready to contribute to discussions based on the assigned readings. Class participation is important: it makes the class more engaging and interesting for everyone. Please do the readings ahead of class so that you can participate fully.

**Course Requirements**

1. Two midterm exams and one final exam, covering the basic concepts discussed in class and in the readings: 55% of the final grade (15%, 15% and 25% on the two midterms and final exam, respectively)
2. Research Presentation: 25% of the final grade. The topic must be chosen by you and submitted to me during week eight, having discussed it with me in advance. The presentation must embody substantial research on a topic relevant to the course. These are very brief (~6 minute) presentations that will occupy the classes at the end of the course. The precise format will be explained in class.

1. Class Participation: 20% of the final grade. IPE is all about interaction: you are expected to keep up to date with current affairs and take part in class discussions. See below for more info.

Students are also expected to follow the news on international economic issues, to be discussed in class. To that end, students are required to follow the professor on Twitter, **@henning\_randall**, to read the articles that are tweeted, and come to class prepared to discuss them. You can expect one or two short articles per class session on average. Materials in the public media that are tweeted and/or discussed in class will be included in the exams.

Being up to date on current affairs will require accessing news sources such as the *Financial Times*, *The Economist, The Wall Street Journal,* the *New York Times*. It is also useful to tap into foreign sources, such as BBC, Vox EU and Al-Jazeera. Alternative perspectives are always encouraged. Students should have a subscription to one or more of these outlets.

**Instructions for Class Participation & Related Matters**

IPE is a subject that sparks intense debate! You’re likely to disagree with your fellow students on many of the issues that arise; those debates will be a key part of our class discussion. Every day, we will have a structured opportunity for participation in discussion of prompts. These prompts are listed under the materials for each class meeting (and will be added over the course of the semester). Students should develop a response to each prompt prior to, and be prepared to address it during, each meeting.

By enrolling in this course, students agree to adhere to American University's Academic Integrity Code (AIC) in all aspects of the course. The AIC can be found at: <http://www.american.edu/american/registrar/aic.htm>.

Students are encouraged to consult the instructor’s website for syllabi, weblinks and other resources: [www.randallhenning.com](http://www.randallhenning.com).

This course is taught online. Class meetings will be held synchronously during the regularly scheduled class meeting time and students are expected to attend these meetings. I ask that students have the **screen video on** as a matter of default during our synchronous class meetings, although there might be special circumstances. During these class meetings, everyone will be expected to respond to the prompts and otherwise participate.

**Textbooks**

We will make extensive use of three books, which you should buy:

Thomas Oatley, *International Political Economy*, 6th edition (New York: Routledge, 2019).

John Ravenhill, *Global Political Economy*, 5th edition (Oxford/New York: Oxford University Press, 2017).

C. Randall Henning, *Tangled Governance: International Regime Complexity, the Troika and the Euro Crisis* (Oxford: Oxford University Press, 2017).

All other readings will be available through electronic reserves (ER) or the content tab on Blackboard/Canvas (BB). Online readings can be accessed by clicking on their hyperlinked titles.

Note that this syllabus will be updated over the course of the semester and some readings are likely to be added.

***Course Schedule and Readings***

**Week 1: International Political Economy as a Discipline**

***1) Monday, August 24: Theoretical Traditions in IPE***

Ravenhill, “The Study of Global Political Economy,”in Ravenhill, ed., *Global Political Economy, 5th ed.* (pp. 3-28)

Discussion prompts: How is the field of International Political Economy defined? What are the three standard categories of IPE theories? What is the theory of hegemonic stability?

***2) Thursday, August 27: Contending Modern Perspectives***

Benjamin J. Cohen, *Advanced Introduction to* *International Political Economy*, Chapters 1 (Introduction) and 2 (American School). (ER)

Daniel Franklin, “Global Leadership is Missing in Action,” *Economist*, June 18, 2020 (BB).

Prompts: What is the purpose of theory in International Political Economy? What is distinctive about the American School and what are its alternatives? What factors other than power shift could be important causes of the weakening of global leadership?

**Week 2: Theoretical Approaches**

***3) Monday, August 31: Historical Roots of Theoretical Traditions***

Oatley, International Political Economy, pp. 8-13. (“Traditional Schools”)

Ravenhill, Chapter 2 (Matthew Watson)

Chad P. Bown, “[Trump’s Fall 2019 Trade War](https://www.piie.com/blogs/trade-and-investment-policy-watch/trumps-fall-2019-china-tariff-plan-five-things-you-need-know): Five Things You Need to Know.”

Prompts: What are the essential differences among the three theoretical traditions? From which tradition(s) do contemporary challenges to globalization come? In which would you place foreign economic policies of the Trump administration?

***4) Thursday, September 3: Domestic Sources of Foreign Economic Policies***

Ravenhill, Chapter 4 (Hiscox)*,* including, as always, the boxes, and especially Appendix 4.1.

[Introductions during this session]

Prompts (for this and next week): What is the Stolper-Samuelson theorem? What does it mean for the interests of different factors in trade liberalization? What difference does the assumption of mobility of factors make? Which model assumes that factors are not mobile? Be prepared to work your way through an example of comparative advantage.

**Week 3: Theoretical Approaches (cont.)**

No Class on Monday, September 7 (Labor Day)

***5) Thursday, September 10: Domestic Sources of Policy (cont.)***

Oatley*,* Chapter 4, “Society-Centered Approaches to Trade.”

Chad Bown, “There is Little Dignity in Trump’s Trade Policy,” Foreign Affairs, July 9, 2020. (ER)

Recommended: Uri Dadush and Lawrence Kotlikoff, “[Trump’s Backfiring Trade Policy](https://thehill.com/opinion/international/457096-trumps-backfiring-trade-policy),” *The Hill*, August 12, 2018.

Prompt: Which social groups in emerging-market countries have an interest in advancing globalization and why?

**Week 4: Historical Perspectives on Money and Trade**

***6) Monday, September 14: United States in the 19th Century***

Hugh Rockoff, “The ‘Wizard of Oz’ as a Monetary Allegory,” *Journal of Political Economy* 98 (1990): 739-60. (ER)

Recommended:

David A. Lake and Scott C. James, The Second Face of Hegemony: Britain’s Repeal of the Corn Laws and the American Walker Tariff of 1846,” *International Organization* 43 (Winter 1989). (ER)

Prompts: What is the general macroeconomic environment in the United States in the later decades of the 19th century? How does it affect creditors and debtors? How would bimetallism have helped debtors? What does the yellow brick road represent? Wicked Witches of the East and West? Scarecrow? Tin Man? Why is the lion “cowardly”?

***7) Thursday, September 17: Trade Theory and the Debate over Trade***

Daniel M. Bernhofen and John C. Brown, “[Gains from Trade: Evidence from Nineteenth Century Japan](https://microeconomicinsights.org/gains-trade-evidence-nineteenth-century-japan/),” Microeconomic Insights, August 31, 2017.

Irwin, Douglas (2009), *Free Trade Under Fire* (chapter 3) (ER)

“[Trade: Last Week Tonight with John Oliver](https://www.youtube.com/watch?v=etkd57lPfPU),” August 19, 2018.

Prompts: What is Bernhofen and Brown’s analytical justification for examining Japan’s opening to trade in the 19th century? Do they confirm or reject the theory of comparative advantage? What is the effect of trade on the level of Japanese GDP? What is the (domestic) distributive effect of tariffs? What is the Lerner symmetry theorem? What grade would you give to John Oliver for his explanation of trade and tariffs, and why?

Recommended:

Peter Navarro, “[Why Trade Deficits Matter](https://www.c-span.org/video/?424924-3/peter-navarro-outlines-trump-administrations-trade-policy-economic-policy-conference),” Remarks to the National Association of Business Economists, Washington, D.C., March 6, 2017, at “Peter Navarro Outlines Trump Administration’s Goals.”

**Week 5: International Trade**

***8) Monday, September 21:* Historical Context: Atlantic Slave Trade and Opium Wars**

Eric E. Williams, *Capitalism and Slavery*, pp. 3-7, 30-39, 51-64, and 169-177. (ER)

Matthew Watson, “Historicising Ricardo’s Comparative Advantage Theory, Challenging the Normative Foundations of Liberal International Political Economy, *New Political Economy* 22 (2017, No. 3): 257-72. (ER)

Yangwen Zheng, Lars Laamann, Xun Zhou and Melvyn Bragg, In Our Time: “[The Opium Wars](https://www.bbc.co.uk/sounds/play/b00776k9),” *BBC Podcast*, 12 April 2007.

Prompts: How does the Atlantic slave trade relate to Ricardo’s famous example of British-Portuguese trade? Does this historical context invalidate the theory of comparative advantage? Are globalization and slavery inseparable? Were Chinese authorities right to resist opening trade with Europe in the 19th century?

***9) Thursday, September 24: Trading System and WTO***

Ravenhill, Chapter 5 (Ann Capling and Silke Trommer), “Evolution of the Global Trade Regime.”

Oatley, Chapter 2, “World Trade Organization.”

Stephen Dubner interview with David Autor, “[Did China Eat America’s Jobs?](https://freakonomics.com/podcast/china-eat-americas-jobs/),” *Freakonomics podcast*, January 25, 2017.

Prompts: How are the rules and decisions of the WTO enforced? What is the source of the organization’s enforcement power? Do regional trade agreements reinforce or undermine the WTO and why?

**Week 6: Trade Regionalism and Globalization**

***10) Monday, September 28: Midterm Examination***

***11) Thursday, October 1: Globalization of Production***

Ravenhill, Chapter 7 (Eric Thun), “The Globalization of Production.”

Oatley, Chapter 16, “Globalization: Consequences and Controversies” (inequality, trade, environment and labor standards).

Recommended:

Douglas Irwin, “[Understanding Trump’s Trade War](https://foreignpolicy.com/gt-essay/understanding-trumps-trade-war-china-trans-pacific-nato/),” *Foreign Policy*, January 2019.

Prompts: Why do companies invest abroad and what determines their decisions about production location?  Does foreign direct investment (FDI) cause a "race to the bottom" or environmental and social "dumping"?﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿﻿  Under what conditions do low-income countries benefit (or not benefit) from FDI?  Do Apple and Microsoft serve American interests or their own?

**Week 7: Introduction to Finance**

***12) Monday, October 5: Contemporary Debate over Global Finance and Governance***

Thomas Oatley, *International Political Economy*, Chapter 10 (“The International Monetary System”).

Prompt: Why should we care about the international monetary system? What happens when the system breaks down? What are the different types of monetary systems? What type of monetary system do we have now?

***13) Thursday, October 8: Evolution of the International Monetary System***

Ravenhill, Chapter 8 (Eric Helleiner), “The Evolution of the International Monetary and Financial System.”

Prompt: The nineteenth century gold standard saw stable exchange rates and automatic adjustment of imbalances. Should we go back to the gold standard? Why or why not?

What is the future of the U.S. dollar as the dominant international currency?

**Week 8: The International Monetary System**

***14) Monday, October 12: The Current System and the IMF***

Tamar Gutner, “The International Monetary Fund,” in *International Organizations in World Politics*, (Thousand Oaks, CA: CQ Press, 2017), Chapter 7, pp. 131-150. (ER)

Oatley, Chapter 11 (“Contemporary International Monetary Arrangements”).

Visit <https://www.imf.org/external/about/overview.htm> and read the material under “What We Do,” “How We Do It,” and “Membership.”

Prompt: Why does the IMF ask for policy adjustments in exchange for its loans?

How has its conditionality changed over the decades?

How should the IMF respond to the global covid-19 recession?

***15) Thursday, October 15: International Crisis Transmission***

Presentation topics and outlines due prior to this class meeting.

Kindleberger and Aliber (2005), *Manias, Panics, and Crashes: A History of Financial Crises,* 5th edition, two chapters on the domestic and international lender of last resort. (BB)

Recommended: Timothy F. Geithner, Per Jacobssen Lecture, “[Are We Safer? The Case for Updating Bagehot](https://www.imf.org/external/am/2016/mmedia/view.aspx?vid=5162612663001),” October 8, 2016.

Prompt: Kindleberger describes Walter Bagehot’s five rules for a lender of last resort. What are they? Which of these rules do you think is the most important and why?

**Week 9: International Financial Crises**

***16) Monday, October 19: Capital Mobility and Modern Crises***

Ravenhill, Chapter 9 (Louis W. Pauly), “The Political Economy of Global Financial Crises.”

In class,review alternative measures of the exchange rate, balance of payments concepts, and macroeconomic policy in the open economy.

Prompt: According to Pauly, what is the central political dilemma that is posed by capital mobility and global financial markets?

***17) Thursday, October 22: Capital Mobility and Modern Crises*** (continued)

View prior to class “[Inside Job](https://watchdocumentaries.com/inside-job/),” video on the U.S. subprime and global financial crisis. (Questions provided on Blackboard in advance)

Prompt: Under what circumstances is a current account deficit good for a country and under what circumstances is it bad?

**Week 10: Financial Crises (cont.)**

***18) Monday, October 26: Global Financial Crisis of 2008-2009 and Hegemony***

Charles Kindleberger, *The World in Depression, 1929-1939* (1986), chapter 14. (ER)

Drezner, *The System Worked* (Oxford:Oxford University Press, 2014), chapter 5, “The Role of Power.” (ER)

[Reading on the covid-19 crisis for EMDCs, to be assigned]

Prompt: How did 2008-2009 compare to 1930-1933 with respect to international economic cooperation?

How would Kindleberger and Drezner’s approach apply to the global covid-19 economic crisis?

***19) Thursday, October 29: Europe’s Sovereign Debt Crisis, 2010-2015***

C. Randall Henning, *Tangled Governance: International Regime Complexity, the Troika and the Euro Crisis* (Oxford: Oxford University Press, 2017), Chapters 1-6.

Prompt: Why does Germany favor imposing austerity in the crisis-stricken countries?

**Week 11: Europe’s Crises, Power and Institutions**

***20) Monday, November 2: The Troika, the Rescue Programs and Greece***

C. Randall Henning, *Tangled Governance: International Regime Complexity, the Troika and the Euro Crisis* (Oxford: Oxford University Press, 2017), Chapters 7, 9-12.

Watch “Adults in the Room,” directed by Costa-Gavras, 2020. [availability to be determined]

Prompts: (1) Why did Germany want the IMF working with the European institutions on the financial rescue programs for crisis-stricken countries in the euro area?

(2) Should Greece have left the euro area? Why or why not?

***21) Thursday, November 5, Second Mid-term Exam***

**Week 12: Completing Europe’s Financial Architecture**

***22) Monday, November 9: Is This Europe’s “Hamiltonian Moment”?***

C. Randall Henning and Martin Kessler, [*Fiscal Federalism: Lessons from U.S. History for Architects of Europe’s Fiscal Union*](https://www.bruegel.org/2012/01/fiscal-federalism-us-history-for-architects-of-europes-fiscal-union/), Bruegel, Brussels.

Maria Demertzis and Guntram B. Wolff, “What are the Prerequisites for a Euro Area Fiscal Capacity?,” *Journal of Economic Policy Reform* 23 (no. 3): 342-58. (BB)

***23) Thursday, November 12: Or is Europe Fragmenting Politically?***

View prior to class: “[Why We Voted Leave: Voices from Northern England](https://vimeo.com/172932182),” June 2016.

Erik Jones, “[Populism in Europe: What the Scholarship Tells Us](https://www.iiss.org/publications/survival/2019/survival-global-politics-and-strategy-augustseptember-2019/614-02-jones),” *Survival* 61 (July-September): 7-30.

Kathleen McNamara, [When the Banal Becomes Political: The European Union in the Age of Populism](https://kathleenrmcnamara.files.wordpress.com/2020/01/polity-banal-eu-mcnamara-2019.pdf) *Polity* (October 2019).

European Politics Online Workshop, video on “[Democratic Backsliding](https://syracuseuniversity.zoom.us/rec/play/vZ17du_8rzM3TNHE4wSDCvJ-W9W8f6usgCUb8_AEmhmxUSMGY1b3brNEMOZVfrwhacpfZVQnlvTdn1D7?continueMode=true&_x_zm_rtaid=TqjfL2iLSSiuT8IyK9zJ7g.1596666888321.65be664a330e8de384074617c70f1756&_x_zm_rhtaid=568),” August 4, 2020.

Prompt: Will the European Union disintegrate and why or why not?

**Week 13: Future of Multilateralism**

***24) Monday, November 16: Fragmentation and Rising National Populism***

IMF Seminar, “[The Future of Globalization](https://www.imf.org/external/mmedia/view.aspx?vid=5607414429001),” October 11, 2017.

Ben Casselman, “[Stop Saying Trump’s Win Had Nothing To Do With Economics](https://fivethirtyeight.com/features/stop-saying-trumps-win-had-nothing-to-do-with-economics/)” FiveThirthyEight.com.

Jeff D. Colgan, “[Three Visions of International Order](https://doi.org/10.1080/0163660X.2019.1621657),” *The Washington Quarterly*, Summer 2019, pp. 85-98.

Recommended:

C. Randall Henning, “[Regime Complexity and the Institutions of Crisis and Development Finance](https://doi.org/10.1111/dech.12472),” *Development and Change*, 50 (1): 25-45.

***25) Thursday, November 19: Future of Global Multilateralism beyond Trump***

Delphi Forum, “[What Future for the International Economy if Multilateralism Fails?](https://www.youtube.com/watch?v=9zIN6xbsbm4),” online seminar with Kevin Featherstone, Randall Henning, Jean Pisani-Ferry, and Linda Yueh, June 11, 2020.

Kurt M. Campbell and Rush Doshi, “The Coronavirus Could Reshape Global Order,” *Foreign Affairs,* March 18, 2020. (ER)

Oona A. Hathaway and Scott J. Shapiro, “After Hegemony,” *Foreign Policy*, Summer 2020, pp. 36-40. (ER)

Prompt: Is the future for multilateralism bleak or hopeful, and why?

**Week 14: Student Presentations**

***26) Monday, November 23:*** Student presentations 1st set

No Class Thursday November 26 - Thanksgiving Break

**Week 15: Presentations (continued)**

***27) Monday, November 30:*** Student Presentations, 2nd set

No New Readings

***28) Thursday, December 3:*** Student Presentations, 3rd set, and Review for Final Examination

**FINAL EXAM: [Time and date to be scheduled by the University]**

**Information for all Students**

Standards of Academic Conduct: They are set forth in American University’s Academic Integrity Code (AIC). By registering for this course, you acknowledge your awareness of the AIC, and you are obliged to become familiar with your rights and responsibilities as defined by the Code. Violations of the AIC will not be treated lightly, and disciplinary actions will be taken should violations occur. Please contact me if you have any questions about the academic violations described in the Code in general or as they relate to particular requirements for this course, and I encourage you to familiarize yourself with the AIC at [www.american.edu/academics/integrity/code.cfm](http://www.american.edu/academics/integrity/code.cfm). Finally, please let me know if you become aware of any violations of the AIC by other students.

In the Event of an Emergency: AU will implement a plan for meeting the needs of all members of the university community. Should the university be required to close for a period of time, we are committed to ensuring that all aspects of our educational programs will be delivered to you. These may include altering and extending the duration of the traditional term schedule to complete essential instruction in the traditional format and/or use of distance instructional methods. Specific strategies will vary from class to class, depending on the format of the course and the timing of the emergency. I will communicate class-specific information to you via AU e-mail and/or Blackboard, and you are responsible for checking your AU email on a daily basis and for keeping yourself informed of any declared emergencies. Please refer to the AU Student Portal, the AU Web site [www.american.edu/emergency](http://www.american.edu/emergency) and the AU information line at (202) 885-1100 for university-wide information.

AU provides numerous services to help students to be successful in their coursework: the Academic Support Center, the Counseling Center, Disability Support Services, the Writing Center and Writing Lab, and the Center for Diversity and Inclusion, most of which are located in the Mary Graydon Center (MGC).

Academic Support Center (x3360, MGC 243) offers study skills workshops, individual instruction, tutor referrals, Supplemental Instruction, and services for students with learning disabilities and ADHD. Writing support is available in the ASC Writing Lab or in the Writing Center. If you qualify for accommodations because of a disability, please notify me in a timely manner with a letter from the Academic Support Center or Disability Support Services so that we can make arrangements to address your needs.

Counseling Center (x3500, MGC 214) offers counseling and consultations regarding personal concerns, self-help information, and connections to off-campus mental health resources.

Disability Support Services (x3315, MGC 206) offers technical and practical support and assistance with accommodations for students with physical, medical, or psychological disabilities. If you qualify for accommodations because of a disability, please notify me in a timely manner with a letter from the Academic Support Center or Disability Support Services so that we can make arrangements to address your needs.

Writing Center (x2991, Battelle-Tompkins 228) offers free, individual coaching sessions to all AU students. In your 45-minute session, a student writing consultant can help you address assignments, understand the conventions of academic writing, and learn how to revise and edit your own work. The Center offers appointments on the hour from 11 AM to 9 PM Friday through Tuesday; 11 AM to 4 PM Friday, and 3 to 6 PM on Sundays.

Center for Diversity and Inclusion (x3651, MGC 2nd fl.) is dedicated to enhancing LGBTQ, Multicultural, First Generation, and Women’s experiences on campus and to advance AU’s commitment to respecting and valuing diversity by serving as a resource and liaison to students, staff, and faculty on issues of equity through education, outreach, and advocacy.