

**International Business**  
**Course Number: 26:553:607**  
**Course Title: Global Political Economy**

## **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.

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## **COURSE MATERIALS**

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.

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## **COURSE STRUCTURE**

### **Online Participation**

This is a graduate level seminar course. This means that we are all collectively responsible for learning from this course. You are expected to do all the required readings for each session. Furthermore, since we are running this class as a combination of synchronous and asynchronous remote, you will need to engage with your fellow students through the online discussion board.

For each week, I will be posing questions on Canvas. **Please answer any one of the posted question for any six modules in 500-1000 words.** You will need to post your answers, and read the answers posted by others.

**You also need to post the critique or comment on at least one post (of another student) every week.**

### **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. We will decide a date for presentation of these research 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.

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## ACADEMIC INTEGRITY

*I do NOT tolerate cheating.* Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>).

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](http://business.rutgers.edu/ai) for more details.

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## CLASSROOM CONDUCT

I expect you to be considerate to your classmates and the professor, follow class decorum, and make the learning experience to be both positive and rewarding.

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.

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## GRADING POLICY

Online Participation 40%  
Class Presentations 20%  
Research Paper 40%

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## CLASS TOPICS

<b>Week 1</b>	Introduction to international political economy.
<b>Week 2</b>	Introductory concepts.
<b>Week 3</b>	International trade and globalization.
<b>Week 4</b>	The political economy of international trade.
<b>Week 5</b>	The political economy of the international monetary system.
<b>Week 6</b>	Discussion of the Term Paper outlines. International Trade in the Post-Covid World
<b>Week 7</b>	Financial crises and the international financial system.
<b>Week 8</b>	Political economy of growth and development
<b>Week 9</b>	Political economy of multilateral institutions.
<b>Week 10</b>	National political sovereignty and the multinational corporation.
<b>Week 11</b>	National systems of innovation and political economy.
<b>Week 12</b>	Multinational business strategy.
<b>Week 13</b>	Term paper presentations.
<b>Week 14</b>	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.

### **Discussion Questions**

1. What is the neoclassical conception of the economy? Analyze in light of the recent globalization trends.
2. Is hegemony necessary and/or sufficient to produce an open, stable economic system?
3. What is the role of institutions in the evolutionary theory of economic growth?

## **Week 3: International trade and globalization.**

- 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.
- 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: Polanyi's revenge? *Review of International Political Economy* 16 (2):145 - 77.

### **Discussion Questions**

1. What is the impact of globalization on labor standards and wages around the world?
2. Explain the theoretical underpinnings in support of and against globalization.

## **Week 4: The political economy of international trade.**

- 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.

### **Discussion Questions**

1. What is the theoretical support for protectionist trade policies?
2. What is the role of trade policy in developing international competitiveness? Discuss with the help of examples.

## **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 Jeffrey 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.

### **Discussion Questions**

1. Trace the development of international monetary system since the late part of 19th century.
2. Discuss the importance and effectiveness of exchange rate as a policy tool for governments.

**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:** Impact of COVID on International Trade and Relations  
Please prepare a 5-10 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.

### **Discussion Questions**

1. In what ways does the globalization and integration of world markets affect financial crises?
2. What tools do governments have to deal with financial crises? What is the effectiveness of these tools?
3. In the present day economic world order, what factors could lead to a dollar crises in the US?

## **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.

### Discussion Questions

1. In what ways can globalization improve the lives of the poor?

### 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.

### Discussion Questions

1. What is the theoretical justification of regional trading blocks?
2. Critically analyse the success of NAFTA for the US.

### 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.

### Discussion Questions

1. What role do large MNCs play in a) developed countries, b) developing countries, c) underdeveloped countries?
2. What is the role of MNCs in upholding human rights standards in the countries of their operations? Discuss with examples.

### 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.

### Discussion Questions

1. What is a national system of innovation? What is its role in the economic growth and competitiveness?

### Week 12: Institutions and Emerging Markets

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

Prahlad, C. K. The Market at the Bottom of the Pyramid.

Svensson, J. Eight questions about corruption. *Journal of Economic Perspective*, 19 (3): 19-42.

Peng, M. W., Wang, D., & Jiang, Y. 2008. An institution-based view of international business strategy: a focus on emerging economies. *Journal of International Business Studies*, 39: 920-936

### Discussion Questions

1. What is the institutions based view of international strategy?

2. Critically analyse the importance, if any, of the bottom of the pyramid markets for MNCs.

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## SUPPORT SERVICES

If you need accommodation for a **disability**, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at [ods.rutgers.edu](http://ods.rutgers.edu).

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email [dsoffice@echo.rutgers.edu](mailto:dsoffice@echo.rutgers.edu)]

[Rutgers University-Newark ODS phone (973)353-5375 or email [ods@newark.rutgers.edu](mailto:ods@newark.rutgers.edu)]

If you are **pregnant**, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email [jackie.moran@rutgers.edu](mailto:jackie.moran@rutgers.edu)]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email [TitleIX@newark.rutgers.edu](mailto:TitleIX@newark.rutgers.edu)]

If you seek **religious accommodations**, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email [deanofstudents@echo.rutgers.edu](mailto:deanofstudents@echo.rutgers.edu)]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email [DeanofStudents@newark.rutgers.edu](mailto:DeanofStudents@newark.rutgers.edu)]

If you have experienced any form of *gender or sex-based discrimination or harassment*, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: [https://cm.maxient.com/reportingform.php?RutgersUniv&layout\\_id=7](https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7) . You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at [TitleIX@newark.rutgers.edu](mailto:TitleIX@newark.rutgers.edu). If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email [run.vpva@rutgers.edu](mailto:run.vpva@rutgers.edu)]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu>.

If you are a military *veteran* or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of *mental health* services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of *physical health* services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]



If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: [PALS@newark.rutgers.edu](mailto:PALS@newark.rutgers.edu)]

[Rutgers–New Brunswick: [eslpals@english.rutgers.edu](mailto:eslpals@english.rutgers.edu)]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.
- Students must sign, date, and return a statement declaring that they understand this syllabus.]