

Fall 2022

## **Political Science Y376: International Political Economy**

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Indiana University Bloomington  
Office: Woodburn Hall 403, and Zoom  
Office Hours: Thurs 3-5pm or by appointment  
Online Hours: By appointment ([wkwineco@iu.edu](mailto:wkwineco@iu.edu))  
Class Meetings: T/R GA 1128

### course description

No truly free market has ever existed or ever can exist. Production, investment, and exchange in the world economy is governed by politics: the process of determining how a society's resources are distributed. This process of rule-setting occurs at the subnational, national, and international levels and political power exists within and across each level. As these rules benefit some groups and harm others, bargaining occurs both within and between governments. Private sector agents – such as firms, workers, farmers, and advocacy organizations – both influence this process and respond to it. International political economy (IPE) is the subfield of political science that studies this system.

Our broad objective is to apply central analytical tools that IPE scholars have developed to better understand how the interaction between politics and markets drives outcomes in the global economic system. We will focus our study on three interlocking systems: the global trading subsystem, the global financial subsystem, and the global development subsystem. We will consider how the global political economy has changed over time, and consider what future changes may be possible. In so doing, we

will emphasize three forces that shape the politics of the global economy – hierarchies, institutions, and interconnectedness – and consider how interests, ideas, and history influence each of them.

The basic structure of the course is as follows. First, we will explore the politics of the global trading system, including comparative and historical developments related to trade openness, labor rights, environmental standards, and the influence of international institutions like the World Trade Organization. We then examine the ways in which the international monetary and financial subsystem has developed to facilitate trade and investment, and which periodically triggers economic instability and crisis. We will discuss the role of central banks in the global financial system, the changing role and orientation of the International Monetary Fund, and efforts to regulate the global financial system. Finally, we turn to the politics of economic development, including such topics as foreign aid, immigration, inequality, structural adjustment, and the role of the World Bank.

## covid-19 protocols

Please do NOT come to class if you have symptoms that could be Covid (or any other virus). I would like to make something very clear: if you are having any problems related to the current environment we are in, please let me know! I will do everything I reasonably can, within the parameters of IU policies, to assist you. This is a very difficult time for everyone, including me, so the best thing we can do is work together to find community solutions. So **please** be in touch with me if you are having any issues that pertain to your ability to study. We can figure something out if we're in communication, but we cannot do so if we are not.

But the main thing is to protect each other by not passing around viruses. If you have symptoms, please stay home. The lectures will be recorded, and we can have office hours via Zoom.

## requirements

Watch all lectures, either in person or remotely. Two lectures per week will be posted to Canvas – usually on Tuesday and Thursday afternoons – along with lecture slides; watching these lectures is mandatory. This class also requires approximately 80-100 pages of mandatory reading per week (which will be posted to Canvas), and it is essential that you keep up. Each

student's lowest quiz score will be dropped. There will be three examinations that will draw from the readings and lectures, also administered on Canvas. These will likely be written exams, although that might change as the course progresses.

The overall course grade breaks down as follows:

- Midterm 1: 30%.
- Midterm 2: 30%.
- Final Exam: 40%

In my experience, students who follow the lectures, do the readings, and come to office hours when they are confused do well in my classes. Students who do not do these things often suffer.

## grading policy

Per IU policy, assignments (including quizzes and exams) must be taken on time, absent an approved absence. Grade appeals must be made in writing, with an explanation of why additional points are deserved, no sooner than one week after a graded assignment is returned – to allow for appropriate reflection – and no later than two weeks after a graded assignment is returned. If an assignment is re-graded the grade could go down, up, or remain the same.

## academic honesty

Please confer with the Code of Student Rights, Responsibilities, & Conduct at:

<https://studentcode.iu.edu/procedures/bloomington/discipline/academic-misconduct/index.html>.

Please note that if you are unsure whether some conduct is a violation of the Code, it is fine to ask. There is no penalty involved with seeking a clarification on policies, or advice on how to stay within them, and I am happy to help. The goal of these policies is to help you, not hurt you. That said, I take violation of these rules very seriously and will take appropriate action if I find that you are not living up to them.

Note that any distribution of materials offered in this course to those not enrolled in the course usually constitutes a violation of the Code. Again: if you want to share these materials it is much better to ask than to risk your academic standing.

## disability

If any student will require assistance or academic accommodations for a disability, please contact me. You must have established your eligibility for disability support services through the Office of Disability Services for Students in Wells Library W302, 812-855-7578.

## student privacy

It is expected that the privacy of the class will be respected. Personal information disclosed in any course setting should not be repeated or discussed outside of the course, especially with students not enrolled in the course.

## bias-based incident reporting

Bias-based incident reports can be made by students, faculty and staff. Any act of discrimination or harassment based on race, ethnicity, religious affiliation, gender, gender identity, sexual orientation or disability can be reported through any of the options: 1) email [biasincident@indiana.edu](mailto:biasincident@indiana.edu) or [incident@indiana.edu](mailto:incident@indiana.edu); 2) call the Dean of Students Office at (812) 855-8188 or 3) use the IU mobile App ([m.iu.edu](http://m.iu.edu)). Reports can be made anonymously.

## sexual misconduct and title ix

As your instructor, one of my responsibilities is to create a positive learning environment for all students. IU policy prohibits sexual misconduct in any form, including sexual harassment, sexual assault, stalking, sexual exploitation, and dating and domestic violence. If you have experienced sexual misconduct, or know someone who has, the University can help. If you are seeking help and would like to speak to someone confidentially,

you can make an appointment with the IU Sexual Assault Crisis Services at 812- 855-5711, or contact a Confidential Victim Advocate at 812-856-2469 or [cva@indiana.edu](mailto:cva@indiana.edu).

It is also important that you know that University policy requires me to share certain information brought to my attention about potential sexual misconduct, with the campus Deputy Sexual Misconduct & Title IX Coordinator or the University Sexual Misconduct & Title IX Coordinator. In that event, those individuals will work to ensure that appropriate measures are taken and resources are made available. Protecting student privacy is of utmost concern, and information will only be shared with those that need to know to ensure the University can respond and assist. I encourage you to visit [stopsexualviolence.iu.edu](https://stopsexualviolence.iu.edu) to learn more.

## extra help

Do not hesitate to come to my office during office hours (Thursday 3-5pm, also on Zoom at other times) or by appointment to discuss course materials, examination results, or any aspect of the course. Even if you plan to come during the regular time it is *always* best to reserve a slot by e-mailing me ahead of time at [wkwineco@iu.edu](mailto:wkwineco@iu.edu).

You also may want to consider the tutoring services offered by Indiana University, in particular the reading and writing tutoring (which is free). Information is available at:

<https://ud.indiana.edu/resources-opportunities/tutoring.html>.

## readings and schedule

This “schedule” is designed to give you a rough idea of when we will cover the listed materials. The specific dates correspond roughly to a normal Tuesday/Thursday schedule, and my intention is to post lectures to the Canvas site on those days.

There are two required books (both on Canvas):

- Thomas Oatley. *International Political Economy*. Routledge, New York, NY, 6th edition, 2019.

- Jeffrey A. Frieden. *Global Capitalism: Its Fall and Rise in the Twentieth Century*. W.W. Norton and Company, New York, NY and London, 2006.

All other readings will also be provided on Canvas.

### i: introduction (aug. 23)

No readings.

### ii: a crash course in pre-wwii political economy (aug. 25)

Frieden, chs.: Prologue, 1, 5, 8. *Foreword and Preface not required but are short and recommended. Other non-assigned chapters might be interesting for some of you, and I encourage reading them, but are also not required.*

### iii: all the king's horses and all the king's men? (aug. 30)

Frieden, ch.: 9.

Benn Steil. Red white. *Foreign Affairs*, 92(2), 2013.

### iv: the economics of trade, i (sept. 1)

Oatley, ch.: 3.

Jagdish Bhagwati. Coping with antiglobalization: A trilogy of discontents. *Foreign Affairs*, 81(1):2-7, 2002.

Dany Bahar. The case for open markets. *The Cairo Review*, 26:41-45, 2017.

### v: the economics of trade, ii (sept. 6)

Paul Krugman. The increasing returns revolution in trade and geography. Nobel Memorial Prize in Economics Lecture, December 8, 2008.

### vi: the domestic politics of trade (sept. 8)

Oatley, chs.: 4-5.

Michaël Aklin, Eric Arias, Emine Deniz, and B. Peter Rosendorff. Domestic politics of trade policy. In Robert Scott and Stephen Kosslyn, editors, *Emerging Trends in the Social and Behavioral Sciences*. John Wiley and Sons, Hoboken, NJ, 2015.

## vii: the international politics of trade (sept. 8)

Thomas Oatley. Open economy politics and trade policy. *Review of International Political Economy*, 24(4):699–717, 2017.

Joanne Gowa. Alliances, market power, and postwar trade: explaining the gatt/wto. *World Trade Review*, 9(3), 2010.

## viii: the world trade organization (sept. 13)

Oatley, ch.: 2.

Paul Blustein. China inc. in the wto dock. CIGI Papers No. 157, December 2017.

## ix: the doha round (sept. 15)

## x: ptas, mncs, isds, and opposition to trade sept. 20)

Oatley, chs.: 9.

Edward D. Mansfield and Diana C. Mutz. Us versus them: Mass attitudes toward offshore outsourcing. *World Politics*, 65(4):571–608, 2013.

Dani Rodrik. The trouble with globalization. *The Milken Review*, 2017.

## xi: exam one (sept. 22)

**No readings or lecture.**

## xii: the pre-wwii monetary system (sept. 27)

Frieden, ch.: 12.

Charles Kindleberger. *The World in Depression, 1929-1939*. University of California Press, Berkeley, CA, 1973.

### xiii: politics of the ‘unholy trinity’ (sept. 29)

Frieden, pp. 459-464.

Oatley, chs.: 12-13.

### xiv: bretton woods (oct. 4)

Frieden, ch.: 15.

G. John Ikenberry. The political origins of bretton woods. In Michael D. Bordo and Barry Eichengreen, editors, *A Retrospective on the Bretton Woods System: Lessons for International Monetary Reform*, pages 155–198. University of Chicago Press, 1993.

### xv: bretton woods ii and the (im)balance of payments (oct. 6)

Jeffrey A. Frieden. Global imbalances, national rebalancing, and the political economy of recovery. Council on Foreign Relations Center for Geoeconomic Studies and International Institutions and Global Governance Program working paper, 2009.

Lorenzo Bini Smaghi. The triffin dilemma revisited. Speech by Lorenzo Bini Smaghi, Member of the Executive Board of the ECB, at the Conference on the International Monetary System: sustainability and reform proposals, marking the 100th anniversary of Robert Triffin (1911-1993), at the Triffin International Foundation, Brussels, 3 October 2011., 2011.

Hélène Rey. Dilemma not trilemma: The global financial cycle and monetary policy independence. NBER Working Paper No. 21162, 2015.

### xvi: the international monetary fund (oct. 11)

Paul Blustein. A flop and a debacle: Inside the imf’s global rebalancing acts. Center for International Governance Innovation Papers No. 4, 2012.

### xvii: developing world crises (oct. 13)

Oatley, chs.: 14-15.

Sarah Bauerle Danzman, W. Kindred Winecoff, and Thomas Oatley. All crises are global: Capital cycles in an imbalanced international political economy. *International Studies Quarterly*, 61(4):907–923, 2017.



### xviii: the global financial crisis, pt 1 (oct. 18)

Maurice Obstfeld and Kenneth Rogoff. Global Imbalances and the Financial Crisis: Products of Common Causes. *Proceedings of the Federal Reserve Bank of San Francisco*, October:131–172, 2009.

Daniel W. Drezner. The irony of global economic governance: The system worked. *World Politics*, 66(1):123–164, 2014.

### xix: the global financial crisis, pt 2 (oct. 20)

**No lecture or readings.**

### xx: the eurozone crisis (oct. 25)

Jeffrey Frieden and Stefanie Walter. Understanding the political economy of the eurozone. *Annual Review of Political Science*, 20:371–390, 2017.

Mark Blyth. The austerity delusion: why a bad idea won over the west. *Foreign Affairs*, 92(3), 2013.

### xxi: exam two (oct. 27)

**No lecture or readings.**

### xxii: the problem of poverty (nov. 1)

William Easterly. The failure of economic development. *Challenge*, 45(1):88–103, 2002.

Jeffrey D. Sachs. The development challenge. *Foreign Affairs*, 84(2):78–90, 2005.

Abhijit Banerjee and Esther Duflo. More than 1 billion people are hungry in the world. *Foreign Policy*, May/June, 2011.

### xxiii: economics or politics? both! (nov. 3)

Antonio D’Agata and Guiseppe Freni. The structure of growth models: A comparative survey. Working Paper, 2012.

Jeffrey D. Sachs. Government, geography, and growth. *Foreign Affairs*, September/October, 2012.

## xxiv: political economies of development (nov. 8)

David N. Balaam and Bradford Dillman. *Introduction to International Political Economy*. Longman, 2010.

Daron Acemoglu and James Robinson. Response to jeffrey sachs. Blog post: <http://whynationsfail.com/blog/2012/11/21/response-to-jeffrey-sachs.html>, November 21 2012.

## xxv: import-substitution industrialization (nov. 10)

Oatley, ch.: 6.

Frieden, ch.: 13.

## xxvi: export-oriented industrialization (nov. 15)

Oatley, ch.:7

Frieden, ch.: 18

James Fallows. How the world works. *The Atlantic*, December 1993.

## xix: uneven development & the world bank (nov. 17)

Frieden, ch.: 19.

Robert Zoellick. Why we still need the world bank. *Foreign Affairs*, March/April, 2012.

## xxviii: thanksgiving break (nov. 22)

**No lecture or readings.**

## xxviii: thanksgiving break (nov. 29)

**No lecture or readings.**

## xxix: rising powers (dec. 1)

Arvind Subramanian. The inevitable superpower. *Foreign Affairs*, 90(5):66-78, 2011.

Michael Pettis. A brief history of china's growth model. Blog post, 2013.

Scott Kennedy. The myth of the beijing consensus. *Journal of Contemporary China*, 19:461–477, 2010.

### xxxii: the politics of inequality (dec. 6)

Branko Milanovic. The return of “patrimonial capitalism”: A review of thomas piketty’s capital in the twenty-first century. *Journal of Economic Literature*, 52(2):519–534, 2014.

James K. Galbraith. Kapital for the twenty-first century? *Dissent*, (Spring), 2014.

### xxxii: politics of climate change (dec. 8)

Readings TBD.

### xxxiii: fn. (tbd)

**Final Exam - TBD**

## Bibliography

- [1] Daron Acemoglu and James Robinson. Response to jeffrey sachs. Blog post: <http://whynationsfail.com/blog/2012/11/21/response-to-jeffrey-sachs.html>, November 21 2012.
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- [14] James Fallows. How the world works. *The Atlantic*, December 1993.
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- [17] Jeffry A. Frieden. Global imbalances, national rebalancing, and the political economy of recovery. Council on Foreign Relations Center for Goeconomic Studies and International Institutinos and Global Governance Program working paper, 2009.
- [18] James K. Galbraith. Kapital for the twenty-first century? *Dissent*, (Spring), 2014.
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- [21] Scott Kennedy. The myth of the beijing consensus. *Journal of Contemporary China*, 19:461–477, 2010.
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and reform proposals, marking the 100th anniversary of Robert Triffin (1911-1993), at the Triffin International Foundation, Brussels, 3 October 2011., 2011.

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- [36] Arvind Subramanian. The inevitable superpower. *Foreign Affairs*, 90(5):66-78, 2011.
- [37] Robert Zoellick. Why we still need the world bank. *Foreign Affairs*, March/April, 2012.