

INTERNATIONAL POLITICAL ECONOMY

DEGREE: BACHELOR IN INTERNATIONAL RELATIONS

DEGREE COURSE YEAR: 2nd year

1^o SEMESTER 2^o SEMESTER

CATEGORY: BASIC COMPULSORY OPTIONAL

NO. OF CREDITS (ECTS): 6

LANGUAGE: English

TUTORIALS:

PREREQUISITES: Students should be familiar with introductory economics and comparative politics.

1. SUBJECT DESCRIPTION

By virtually any measure, we live today in the most economically interconnected era of world history. Products from previously isolated economies are now exported worldwide, a greater number of firms must face greater levels of international competition, and capital freely flows in massive quantities across borders. Is this globalizing trend reversible? What are its implications for international politics, and for domestic political systems? To answer these questions, we must first know how did we get here. To understand the economic and political underpinnings of the international economic order is precisely the purpose of the field of International Political Economy.

Using analytical and methodological insights from political science and economics, contemporary research on IPE has shed light on a wide variety of questions: why are some governments more eager to embrace protectionism, whereas others promote free-trade? What explains the different regulation of the flow of goods, services and factors of production across countries? What effects do domestic and international political institutions exert on the foreign economic policies of governments? How do domestic politics affect the conduct of a country's international monetary and financial relations with the rest of the world?,...

This course offers an introduction to the main contributions of the field of IPE. It is structured into four blocks: After a first introductory session introducing the analytical tools and the theoretical approaches used in IPE, the first part of the course (sessions 2 through 4) provides a brief overview of the recent history of the world economic order. The second block (sessions 5 through 18) analyzes the three main substantial areas of international economic relations: trade, cross-border movements of capital and labor and monetary relations. Next, the third part of the course (session 19 through 24) looks at the process of globalization, and analyzes the consequences of increasing economic internationalization on different dimensions of domestic and international politics. The final two weeks of the course (sessions 25 through 28) are devoted to an analysis of the current economic crisis from the perspective of IPE.

2. OBJECTIVES

Students are expected, by the end of the course, to i) know the main contributions to our understanding of international economic relations and its domestic consequences, ii) critically engage with the contemporary literature on IPE, and iii) be able to use the main perspectives used in the field to explain facets of the international economic relations.

3. CONTENT

SESSION 1

Lecture. What is International Political Economy? What do we study? How do we study? What are the methodological tools of the discipline? What type of evidence do we use? How do IPE explanations work?

SESSION 2

Lecture. The first wave of globalization. The creation of the liberal economic order in the 19th century and its collapse.

How did the first globalized economic order emerge? What economic and political factors account for its stability? What were the international and domestic factors that sustained it? What political changes put this order into question?

SESSION 3.

Lecture. From embedded liberalism to unrestricted globalization.

In which ways did the postwar international economic order differ from the previous “golden age era of capitalism”? How did it contribute to its? What were the forces that drove it? What implications does it have?

SESSION 4.

Seminar: Globalization now and then.

SESSION 5.

Lecture: The determinants of trade policy I. Domestic perspectives.

What are the domestic factors behind trade policy preferences? Where do preferences towards trade come from? What economic models can explain the societal structure of preferences towards economic openness? How do political institutions affect how these interests and preferences get translated into policies?

SESSION 6.

Seminar: Democracy and free trade in the developing world.

SESSION 7.

Lecture. The determinants of trade policy II. International perspectives.

What is the role of the international environment in explaining governments' decisions towards trade? What types of political configurations at the international level are more favorable to economic integration and why? Why are international institutions important for trade? How do they work, and what challenges do they face?

SESSION 8.

Seminar: How do international institutions matter?

SESSION 9.

Lecture. International Capital Mobility.

Why is international capital mobility politically problematic? What explains the variation in how countries have tried to control capital movements across borders? What explains the recent trend towards liberalization, and the current debate regarding its limitations?

SESSION 10

Seminar: Financial globalization from a developing country perspective

SESSION 11

Lecture. Foreign Direct Investment.

Why do multinationals exist, and why are they important in understanding international economic relations? Why is FDI a "special" type of capital mobility? How do some governments try to attract FDI, and why do some of them manage to do so and others do not? What institutional and societal characteristics explain these phenomena?

SESSION 12.

Seminar: The determinants of investment treaties

SESSION 13.

Lecture. The Political Economy of International Monetary Choices

How is the value of a currency determined, and how do policy choices change it? What is monetary policy and how is it affected by international currency commitments? What is the difference between fixed and floating exchange rates? How political factors relate to the adoption of monetary regimes adoption, and what consequences do they have on policymaking? The creation of monetary unions: the case of the euro.

SESSION 14.

Seminar: The social support for monetary union in Europe

SESSION 15

Lecture. Migration.

Why makes the movement of people across borders different than the movement of other factors of production? What do we know about the determinants of migration and migration policy? Have the causes and consequences of migration changed across time, and why?

SESSION 16.

Seminar: Explaining attitudes towards migration

SESSION 17.

Lecture. Globalization and Income Inequality

How do the growing internationalization of markets have affected the distribution of income across countries and within countries? What problems do that creates for the sustainability of open economic policies? What policy responses can be envisaged? Do different aspects of globalization have different (un)egalitarian consequences?

SESSION 18.

Seminar: The determinants of global inequality

SESSION 19.

Lecture. Globalization and the state

To what extent do globalization dynamics pose a threat to the sustainability of certain state policies? Are welfare states sustainable under increased internationalization? How does openness affect democratic accountability, and the political process more generally? Is there a risk of a political backlash against globalization?

SESSION 20.

Seminar. Is globalization politically sustainable?

SESSION 21.

Lecture. Globalization and the environment

How does IPE help us understand the environmental challenges of our time? What are the prospects for increased cooperation to tackle common problems, and is there role for non-cooperative solutions? What are the domestic and international political factors that might facilitate or aggravate these problems?

SESSION 22.

Seminar: Does globalization produce a race to the bottom?

SESSION 23.

Lecture. The global financial crisis. Causes and remedies

What political factors, both domestic and international, can we relate to the current economic crisis? What are the political dynamics behind booms and busts? How did global cooperation occur, and why? How politics affect the post-crisis adjustment process? What type of political response can we expect of the current period of economic stagnation?

SESSION 24.

Seminar: The politics of adjustment

SESSION 25.

Lecture. The euro crisis.

What made the crisis in Europe different? In which way might the European exceptionalism be related to the existence of an incomplete currency union? Why is the EMU incomplete? What can IPE teach us about the prospects for further economic integration?

SESSION 26.

Seminar: Is the euro politically sustainable?

SESSION 27.

The challenges of the future of the international economic order I

SESSION 28.

The challenges of the future international economic order II

SESSION 29.

WRAP-UP

SESSION 30.

FINAL EXAM

4. EVALUATION SYSTEM

4.1. GENERAL OBSERVATIONS

Students must fulfill the following requirements as part of the course:

1. Complete over the course of the semester all the required written assignments (see below) and write the final exam.
2. Engage and be prepared to discuss in class the core ideas and readings of the course. This requires that students complete all reading ahead of class and be attentive to the vocabulary, critical concepts and other ideas that are contained in all the course material. This applies both to seminars, in which students will have to present and discuss the readings, and lectures.

4.2. EVALUATION AND WEIGHTING CRITERIA

The final grade will be a function of four elements:

- a) Participation in class. Students are encouraged to participate in both lectures and seminars. In each seminar, a small group of students will deliver a brief critical review of the text assigned for that session.
- b) Midterm exam. At the end of February, a take-home exam will be distributed. (submission is compulsory)
- c) One of these two options:
 - i. Two response papers (2/3-pages long each) discussing any two of the “recommended” texts included in this syllabus. (deadline is the last day of classes, but it is recommended to submit them at the time those topics are discussed in class)
 - ii. A mini-research proposal (5 pages maximum) discussing how one current international topic under discussion in the public debate can be studied from an IPE-perspective. (Deadline is the last day of classes) More specifics about this exercise will be provided in class.
- d) A final exam.

The breakdown of the final grade is as follows.

Participation in class:	20%
Midterm exam:	30%
Response papers/ Research proposal:	20%
Final exam:	30%

4.3. EXAMINATION POLICY

1. Students have up to 4 examination sessions per course over two consecutive academic years.
2. IE University has a mandatory Class Attendance Policy that calls for students to attend a minimum of 70% of class sessions in a course. An absence, for any reason, counts towards the maximum of 30% allowed absences. Failure to comply with any of these requirements will result in students being ineligible to sit for the exam in both the 1st and 2nd examination sessions. These students will be required to sit for the exam in the 3rd session.
3. Grading for make-up exams will be subject to the following rules:
 - ✓ Students who failed the course in the first round of exams will be eligible to re-sit in the 2nd examination session. *Warning:* students who do not comply with the attendance policy requirements will be required to sit for the exam in the 3rd examination session.
 - ✓ The highest grade that a student may earn in the 2nd examination session is 8.

4.4. EXTRAORDINARY EVALUATION

In the event that you do not satisfy the requirements to pass the class, you will have the option to take an extraordinary supplemental exam.

This extraordinary exam may be complemented and/or replaced by additional supplemental assignments as part of your overall evaluation.

Dispensation for the inclusion of additional evaluation criteria in the event of an unsatisfactory grade will be made solely at the discretion of your professor. In accordance with university policy, extraordinary exams must without exception be taken in Segovia during the extraordinary exam period.

5. USE OF ELECTRONIC DEVICES IN CLASS

This subject does not require the use of a laptop in class. Barring exceptional circumstances, such as physical disabilities requiring the use of a laptop, they will not be permitted in the classroom.