

# GLOBAL POLITICAL ECONOMY

Fall Semester 2019, University of Virginia

Seminar Time: Tuesday, 3.30-6.00 PM

Seminar Location: Shannon House 108

Instructor: Jan P. Vogler

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## Course Abstract:

The organization of the global political economy has significant effects on our daily lives. Barriers to the exchange of goods can raise the prices of consumer products, financial crises can lead to the collapse of entire economies, and the ability of nations to forge mutually beneficial trade relationships might prevent the occurrence of major war. Despite the global political economy's relevance, few people are familiar with its actors, institutions, and historical development. This course seeks to familiarize students with international political-economic institutions and processes. Moreover, an important prerequisite for comprehending how states and markets *interact* at the *global* level is a thorough understanding and knowledge of their *domestic* organization. Therefore, this seminar aims at introducing students to the fundamental theories, facts, and historical knowledge of both domestic and global political economic organization. The class is split into four parts that are described in more detail in the course schedule below.

## Course Objectives:

By the end of the class, students will be able to:

- Understand the fundamental theories of political economy and use this understanding to analyze both real-world events and the arguments made in academic texts.
- Describe the key differences between political-economic systems in a variety of countries and how this divergence affects their interaction at the international level.
- Elaborate on the evolution of the international political economy, including changes in the organization of global trade, the global financial regime, and processes of globalization.
- Critically reflect on how the actions of market actors in domestic economies affect the fortune of the global economy and vice versa.
- Evaluate the merits and shortcomings of different political-economic perspectives with respect to both their internal consistency and their applicability to recent developments.

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### Requirements:

I assume that students have basic knowledge of statistics and linear regression before entering the class. We might be able to set aside some time for a cursory introduction to these topics if this prerequisite is not given for a substantial proportion of students that are interested in taking the class.

Students are asked to come to class well prepared and to have good knowledge of the required readings' contents. There will be 3 required readings per week. Throughout the semester, I will randomly distribute four quizzes at the beginning of four sessions to test knowledge of the required readings only. These quizzes will not cover any content of the presentation and background readings! The quizzes should not be a challenge to those students who have done the readings.

Students will sign up for presentations. There will be one presentation per week. Each person will give a 25- to 35-minute PowerPoint-based presentation that summarizes, links, and discusses the background reading of the week. This presentation is meant to highlight aspects of the readings that are relevant to the discussion. A physical handout, which can be a printed version of the PowerPoint slides, should be given out to the students and the instructor. The presentation should end with several discussion questions connected to the readings of the week that are a good point of departure for the seminar. Participants are expected to email me their preliminary slides on Sunday before class for feedback.

Students have the choice to either write a literature review OR two discussion papers. The expected length of the literature review is 3,000 words (+/- 10%). The expected length of the discussion papers is 1,500 (+/- 10%) words each.

Requirements for the literature review: Students can choose any topic from the schedule of classes. Then, they will select and review several related research articles (ideally published in the last 10 years) that we have not yet discussed in class. The second part of the literature review should be a comparison to the readings that were discussed in one of our sessions. The third part of the literature review should be a conclusion and brief discussion of which questions remain partially or completely unanswered. The deadline of the literature review is December 10, 2019.

Requirement for the two discussion papers: For the discussion paper, students can choose any reading on the syllabus (including background readings) as of week 5. The goal of the discussion paper is to (1<sup>st</sup>) write a comprehensive summary of the reading, (2<sup>nd</sup>) EITHER relate its content to real-world events OR identify possible shortcomings (of any kind), and (3<sup>rd</sup>) make suggestions for additions, changes, or improvements. The two discussion papers must deal with readings in different weeks. Articles that are literature reviews cannot be discussed. If there is any doubt regarding whether or not an article is a literature review, please contact me first. The deadline of the discussion paper is the beginning of the class in which the reading is covered (bring a physical copy to class and email me an electronic version).

Late Assignments: If you cannot finish an assignment on time for a legitimate reason (including emergencies and illness), please contact me (ideally before the assignment is due, but at most seven days after the deadline). In case of illness, a statement by your doctor is needed. Depending on the situation, I will provide you with an alternative assignment and/or deadline.

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### Grading:

The grade will consist of the following elements:

- 10%: Participation
- 20%: Four quizzes (one grade, i.e. lowest score/one absence, will be dropped)
- 30%: Presentation
- 40%: Literature review (~ 10 pages) OR two discussion papers (~ 5 pages each)

### Statement of Inclusiveness:

An essential goal of the class is to create an open and welcoming discussion atmosphere. Diversity of opinions, constructive discussion, and mutual respect are at the core of academic discourse and will be key elements of this class. A heterogeneity in backgrounds, experiences, and identities will greatly benefit us by allowing us to learn from each other and expand our thinking. All students are encouraged to voice their opinions and to do so in a way that displays respect for the opinions of other students in the class. Students who believe that these goals are inhibited in any way should contact me so that we can discuss their concerns.

### Statement of Academic Integrity:

A second essential goal of mine is to uphold the standards of academic integrity in this class. It is expected that all work submitted is entirely done by the person who submits it. All literature used in writing a paper must be referenced. Students are expected to always use quotation marks when they directly quote the words or statements of others. We will discuss best practices for citation during the first session of class. Students are also expected to turn in a full bibliography listing works consulted during their research for each written assignment. If you have any questions about academic integrity, please contact me so that we can discuss them.

### Textbooks:

We will discuss several chapters from the following books. These books also contain fundamental background information on many issues discussed in the class. It is therefore highly recommended that students purchase them.

- Ravenhill, J. (editor), 2017. *Global Political Economy* (5<sup>th</sup> edition). Oxford University Press. (**Ravenhill 2017**)
- Keech, W., 2013: *Economic Politics in the United States: The Costs and Risks of Democracy* (2<sup>nd</sup> edition). Cambridge University Press. (**Keech 2013**)

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- Beramendi, P., Häusermann, S., Kitschelt, H., and Kriesi, H. (editors), 2015: *The Politics of Advanced Capitalism*. Cambridge University Press. (**Beramendi et al. 2015**)
- Clark, B.S., 2016 (3<sup>rd</sup> edition). *Political Economy: A Comparative Approach*. Praeger. (**Clark 2016**)

### Important Dates and Deadlines:

- First Class: August 27, 2019
- Last Class: December 3, 2019
- Discussion Paper Due: 3.30 PM on the day of the class
- Final Paper Due: December 10, 2019

## COURSE SCHEDULE:

### PART I: INTRODUCTION TO THE CLASS AND TO GLOBAL POLITICAL ECONOMY

The first part of the class deals with the basics of political economy and introduces students to essential theories of political-economic organization. Key questions that we seek to answer in this part are: (1) What are the most important theories of how the economy works? (2) How do markets and politics interact? (3) What are the basics of global political economy?

#### 1. Introduction and Course Overview: Global Political Economy (August 27, 2019)

Course overview, no readings

#### 2. The Fundamentals of Political Economy (1) (September 3, 2019)

##### Required Readings:

- **Clark 2016**, Chapter 2: “The History of Political Economy”
- **Keech 2013**, Chapter 1: “Macroeconomic Politics and the Costs and Risks of Democracy”
- **Beramendi et al. 2015**, Chapter 1: “Introduction: The Politics of Advanced Capitalism,” pp. 1-29 only.

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### 3. The Fundamentals of Political Economy (2)

(September 10, 2019)

#### Required Readings:

- **Beramendi et al. 2015**, Chapter 1: “Introduction: The Politics of Advanced Capitalism,” pp. 29-64 only.
- **Keech 2013**, Chapter 2: “Macroeconomic Theories and Their Political Implications”
- **Clark 2016**, Choice of Chapter 3 **OR** 4 (choose one chapter)

### 4. The Fundamentals of Political Economy (3)

(September 17, 2019)

#### Required Readings:

- **Keech 2013**, Chapter 4: “Models of Choice: Partisanship”
- **Clark 2016**, Choice of Chapter 5 **OR** 6 (choose one chapter)
- **Ravenhill 2017**, Chapter 1: “The Study of Global Political Economy” (John Ravenhill)

#### Background and Presentation Reading:

- **Keech 2013**, Chapter 3: “Models of Accountability and Opportunism: The Electoral Cycle”

## PART II: THE FOUNDATION OF THE WORLD ECONOMY: DOMESTIC POLITICAL-ECONOMIC ORGANIZATION

An essential prerequisite for the understanding of the *interaction* of economies at the international level is a good grasp of the organization of individual political-economic systems. Therefore, the second part of the class introduces students to a variety of topics in domestic and comparative political economy. Key questions that we seek to answer in this part are: (1) What are the origins of democracies and markets? (2) How does the state apparatus, i.e. the bureaucracy, affect the economy and society? (3) What are different types of capitalism and what are their core features?

### 5. Domestic Political-Economic Organization (1)

(September 24, 2019)

#### The Historical Roots of Democracy and Markets

#### Required Readings:

- North, D.C. and Weingast, B.R., 1989. “Constitutions and commitment: the evolution of institutions governing public choice in seventeenth-century England.” *The Journal of Economic History*, Vol. 49, No. 4, pp. 803-832.

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- Vogler, J.P. and Paniagua, V., 2019. "The Balance of Power Among Economic Elites and the Establishment of Power-Sharing Institutions." *Working Paper*.
- Blaydes, L. and Chaney, E., 2013. "The feudal revolution and Europe's rise: Political divergence of the Christian west and the Muslim world before 1500 CE." *American Political Science Review*, Vol. 107, No. 1, pp. 16-34.

### Presentation and Background Reading:

- **Beramendi et al. 2015**, Chapter 2: "Prosperity and the Evolving Structure of Advanced Economies" (Charles Boix)

### **6. Domestic Political-Economic Organization (2) The Political Economy of Public Bureaucracy**

**(October 1, 2019)**

#### Required Readings:

- Evans, P. and Rauch, J.E., 1999. "Bureaucracy and growth: A cross-national analysis of the effects of 'Weberian' state structures on economic growth." *American Sociological Review*, Vol. 64, No. 5, pp. 748-765.
- Vogler, J.P., 2019. "Imperial Rule, the Imposition of Bureaucratic Institutions, and Their Long-Term Legacies." *World Politics*, Vol. 71, No. 4.
- Bustikova, L. and Corduneanu-Huci, C., 2017. "Patronage, trust, and state capacity: The historical trajectories of clientelism." *World Politics*, Vol. 69, No. 2, pp. 277-326.

### Presentation and Background Reading:

- Vogler, J.P., 2019. "The Entanglement of Public Bureaucratic Institutions: Their Interactions with Society, Culture, Politics, and the Economy." In: *Interdisciplinary Studies of the Political Order: New Applications of Public Choice Theory*. Edited by Donald J. Boudreaux, Christopher J. Coyne, and Bobbi Herzberg. Rowman & Littlefield International, pp. 99-129.

### **7. Domestic Political-Economic Organization (3) Varieties of Capitalism**

**(October 8, 2019)**

#### Required Readings:

- Nölke, A. and Vliegenthart, A., 2009. "Enlarging the varieties of capitalism: The emergence of dependent market economies in East Central Europe." *World Politics*, Vol. 61, No. 4, pp. 670-702.

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- Hall, P.A. and Gingerich, D.W., 2009. "Varieties of capitalism and institutional complementarities in the political economy: An empirical analysis." *British Journal of Political Science*, Vol. 39, No. 3, pp. 449-482.
- Korpi, W., 2006. "Power resources and employer-centered approaches in explanations of welfare states and varieties of capitalism: Protagonists, consenters, and antagonists." *World Politics*, Vol. 58, No. 2, pp. 167-206.

### Presentation and Background Reading:

- Howell, C., 2003. "Varieties of capitalism: and then there was one?" *Comparative Politics*, Vol. 36, No. 1, pp. 103-124.

## PART III: BRIDGING THE GAP BETWEEN COMPARATIVE AND GLOBAL POLITICAL ECONOMY

The third part of the class bridges the gap between comparative and international political economy by discussing two topics in which both spheres interact. Key questions that we seek to answer in this part of the class are: (1) What were the causes and consequences of the financial crisis of 2008? (2) How are supranational organizations, especially the European Union, organized and how does their organization affect market exchange between member states?

### **8. Bridging the Gap between Comparative and Global Political Economy (1) (October 15, 2019) The Global Financial Crisis**

#### Required Readings:

- **Keech 2013**, Chapter 5: "Unintended Consequences, Moral Hazard, and Time Inconsistency"
- Lane, P.R. (2012). "The European Sovereign Debt Crisis." *Journal of Economic Perspectives*, Vol. 26, No. 3, pp. 49-68.
- Jagannathan, R., Kapoor, M. and Schaumburg, E., 2013. "Causes of the great recession of 2007-2009: The financial crisis was the symptom not the disease!" *Journal of Financial Intermediation*, Vol. 22, No. 1, pp. 4-29.

### Presentation and Background Reading:

- Verick, S. and Islam, I., 2010. "The great recession of 2008-2009: causes, consequences and policy responses." *IZA Discussion Papers*, No. 4934.

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### 9. Bridging the Gap between Comparative and Global Political Economy (2) (October 22, 2019) Supranational Organizations: the European Union

#### Required Readings:

- Jones, E., Kelemen, R.D. and Meunier, S., 2016. "Failing forward? The Euro crisis and the incomplete nature of European integration." *Comparative Political Studies*, Vol. 49, No. 7, pp. 1010-1034.
- Hall, P.A., 2014. "Varieties of capitalism and the Euro crisis." *West European Politics*, Vol. 37, No. 6, pp. 1223-1243.
- Nielsen, B. and Smeets, S., 2018. "The role of the EU institutions in establishing the banking union. Collaborative leadership in the EMU reform process." *Journal of European Public Policy*, Vol. 25, No. 9, pp. 1233-1256.

#### Presentation and Background Reading:

- Vogler, J.P., 2019. "The Political Economy of the European Union: An Exploration of EU Institutions and Governance from the Perspective of Polycentrism." Chapter for the Edited Volume *The Political Economy and Social Philosophy of Vincent and Elinor Ostrom*.

## PART IV: GLOBAL POLITICAL ECONOMY

The fourth part of the class fully moves to the global level and deals with core topics of international economic organization. Key questions that we seek to answer in this part are: (1) What are the core theories of global political economy? (2) How do states interact at the global level—what are sources for cooperation and conflict? (3) How are international trade and finance organized? (4) How was the development of the modern state shaped by the global political economy?

### 10. Global Political Economy (1)

(October 29, 2019)

#### Introduction to Global Political Economy and Its Theories

#### Required Readings:

- Ikenberry, G.J., 2001. "American power and the empire of capitalist democracy." *Review of International Studies*, Vol. 27, No. 5, pp. 191-212.
- Copeland, D.C., 1996. "Economic interdependence and war: A theory of trade expectations." *International Security*, Vol. 20, No. 4, pp. 5-41.
- Schultz, K.A. and Weingast, B.R., 2003. "The democratic advantage: institutional foundations of financial power in international competition." *International Organization*, Vol. 57, No. 1, pp. 3-42.

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### Presentation and Background Reading:

- **Ravenhill 2017**, Chapter 2: “The Nineteenth-Century Roots of Theoretical Traditions in Global Political Economy” (Matthew Watson)

### 11. Global Political Economy (2)

(November 5, 2019)

#### International Cooperation and Conflict

### Required Readings:

- Keohane, R.O., 2005. *After hegemony: Cooperation and discord in the world political economy*. Princeton University Press, Part II (pp. 49-132).
- Mearsheimer, J. J. (1994). “The false promise of international institutions.” *International Security*, Vol. 19, No. 3, 5-49.
- Powell, R., 1994. “Anarchy in international relations theory: the neorealist-neoliberal debate.” *International Organization*, Vol. 48, No. 2, pp. 313-344.

### Presentation and Background Reading:

- **Ravenhill 2017**, Chapter 3: “Cooperation and Conflict in the Global Political Economy” (Vinod K. Aggarwal and Cedric Dupont)

### 12. Global Political Economy (3)

(November 12, 2019)

#### The Political Economy of Finance and Globalization

### Required Readings:

- **Ravenhill 2017**, Chapter 10: “The Logics of Economic Globalization” (Anthony McGrew)
- Iversen, T. and Soskice, D., 2010. “Real exchange rates and competitiveness: The political economy of skill formation, wage compression, and electoral systems.” *American Political Science Review*, Vol. 104, No. 3, pp. 601-623.
- Broz, J.L. and Frieden, J.A., 2001. “The political economy of international monetary relations.” *Annual Review of Political Science*, Vol. 4, No. 1, pp. 317-343.

### Presentation and Background Reading:

- **Ravenhill 2017**, Chapter 8: “The Evolution of the International Monetary and Financial System” (Eric Helleiner)

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### 13. Global Political Economy (4)

(November 19, 2019)

#### The Political Economy of International Trade

##### Required Readings:

- Milner, H.V. and Kubota, K., 2005. "Why the move to free trade? Democracy and trade policy in the developing countries." *International Organization*, Vol. 59, No. 1, pp. 107-143.
- Simmons, B.A. and Elkins, Z., 2004. "The globalization of liberalization: Policy diffusion in the international political economy." *American Political Science Review*, Vol. 98, No. 1, pp. 171-189.
- Galtung, J., 1971. "A structural theory of imperialism." *Journal of Peace Research*, Vol. 8, No. 2, pp. 81-117.

##### Additional Literature:

- Ravenhill 2017, Chapter 5: "The Evolution of the Global Trade Regime" (Ann Capling and Silke Trommer)

### 14. Global Political Economy (5)

(November 26, 2019)

#### The Global Political Economy and the Emergence of the Modern State

##### Required Readings:

- Buzan, B. and Lawson, G., 2013. "The global transformation: The nineteenth century and the making of modern international relations." *International Studies Quarterly*, Vol. 57, No. 3, pp. 620-634.
- Karaman, K.K. and Pamuk, Ş., 2013. "Different Paths to the Modern State in Europe: The Interaction Between Warfare, Economic Structure, and Political Regime." *American Political Science Review*, Vol. 107, No. 3, pp. 603-626.
- Hanson, J.K., 2014. "Forging then taming leviathan: state capacity, constraints on rulers, and development." *International Studies Quarterly*, Vol. 58, No. 2, pp. 380-392.

##### Presentation and Background Reading:

- Spruyt, H., 2002. "The origins, development, and possible decline of the modern state." *Annual Review of Political Science*, Vol. 5, No. 1, pp. 127-149.

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### PART V: CONCLUSION

Having discussed a variety of broader topics related to political-economic organization, the last class is reserved for a final discussion in which we will try to tie together everything that we have talked about. In this discussion, we will also analyze recent developments and think about how we can apply what we have learned to real-world phenomena.

**15. What Have We Learned About the Global Political Economy? (December 3, 2019)  
Bringing It All Together**

Final course discussion, no readings

### Dates and Deadlines at the End of the Semester:

- Final Paper Due: December 10, 2019