INTERNATIONAL POLITICAL ECONOMY (IR209)

Course duration: 54 hours lecture and class time (Over three weeks)

LSE Teaching Department: Department of International Relations

Lead Faculty: Prof Jeffrey Chwieroth

Pre-requisites: At least one introductory course in either social science (e.g. political science, international relations, sociology, economics), history or law

Course Objective:

This course introduces students to the study of international political economy (IPE). The course focuses on the political foundations and consequences of the contemporary world economy. Thus, while it is not a course in international economics, the course will employ some basic economic concepts that will be explained in the lectures and reading. Backgrounds in political science, international relations and economics would be very useful but not necessary to take the course.

The course will survey the evolution of the international economic system since the Second World War, with particular reference to contemporary concerns, debates and issues. An attempt will also be made to review international and domestic explanations for these developments. We will illustrate the varying explanatory power of the different approaches by applying them to a selection of empirical cases. This will provide both the background and the necessary perspective to understand the complexity and multiplicity of perspectives in contemporary IPE.

Some of the empirical issues examined will include:

- The Bretton Woods institutions
- Multilateral trade agreements
- The growth and development debate
- Globalisation of capital markets, MNCs and policy issues
- Currency and financial crises
- Regionalism in the contemporary world economy
- European integration and globalization
- The politics of global imbalances

Each of the twelve daily sessions for the course will consist of a long morning lecture, followed by a shorter seminar discussion in the afternoon.

Course content is subject to change. Last updated: June 2016
Class Readings:

IR209 is a Moodle-based course. Moodle is an electronic platform that can deliver course outlines, lecture outlines and reading to your desktop. The course outline will provide you with required reading for each topic (available electronically) as well as further supplementary reading (in many cases this will also be available electronically). We also list, though do not provide, relevant background chapters for each topic from three leading texts in the field. You are strongly encouraged to purchase at least one of these and read it before the course begins, so as to familiarise yourself with the course material. These texts are: Thomas Oatley: International Political Economy: Interest and Institutions in the Global Economy (Routledge, 5th edition, 2013), John Ravenhill (ed.), Global Political Economy (Oxford, 4th edition, 2014), and Andrew Walter and Gautam Sen, Analyzing the Global Political Economy (Princeton University Press, 2009).

Most of the additional reading consists of journal articles which you can obtain online from the LSE’s Electronic Library. To make an obvious point: the more you read, the more you will get from the course.

Course Structure and Assessment:

There will be twelve three-hour lectures and twelve 90 minute classes. An assessed essay will be due at the end of the second week of the course and summative final examination at the end of the course.

The essay of up to 1500 words (bibliography not included, word-count must be stated on the first page of the essay) is to be submitted in .doc or .pdf format (1MB max) to the Essay Folder on the Moodle page. Students must chose a question from among those provided on the second day of lecture. The essay will count as 25% of the final mark.

Late submissions will be penalised at the rate of 2 points per hour. (Example – An essay submitted at 9:32am on 30 June could only achieve a maximum mark of 98). Papers received after 9:30am on Monday 3 July will not be marked and will receive a nil return (“zero”).

The final exam will count as 75% of the final mark.

In addition, there will be one in-class formative assessment in the shape of evaluated presentations.

Alternative Recommended Texts:

For students who wish to read beyond the recommended texts, the following possibilities are suggested. These would be useful for any pre-reading a student may wish to do, or for supplementary reading.


Exams from previous years:
The previous three years’ exam papers are good indicators of the kind of examinations you will sit in this course. Exam questions will follow the syllabus and will require a mix of the following:

- Knowledge of the relevant debates
- Analytical skills rather than purely descriptive skills
- Awareness of differing perspectives
- Use of case study material where relevant
- Easy and comprehensible narrative style
- Coherence of essay structure and argument

Session 1: Introduction to the study of IPE
Why is the study of IPE so distinct from the perspectives of other disciplines? How did the discipline emerge, and what new insights does it provide? Can economics be effectively integrated in to the rest of the social sciences discourse, and if so how? This session will introduce students to some of the conceptual and intellectual debates concerning IPE and what it seeks to achieve.

Required reading:
- Oatley, Chapter 1 and/or Walter and Sen, Chapter 1.
- Ravenhill, Chapters 1 and 2.

Additional reading:
- Frieden, Lake, and Broz, "Introduction: International Politics and International Economics."
Seminar questions:

1. What are the main perspectives on international political economy, and why is the study of IPE so difficult?

2. Can domestic and international theories of political economy be reconciled?

Session 2: The establishment of the post-war institutional system

The post-war international institutional system was agreed amongst nation states with little or no discussion with private or non-state interests. The structure that emerged placed nation states at the heart of the institutional process, and this has played out in certain very specific ways. This session will review how the system came into being, some of the basic concepts and principles that underpinned it, and some of the problems it encountered, particularly in areas where states had little familiarity or expertise with dealing with issues, especially in trade and commercial practices.

Required reading:

- Oatley, Chapter 1: “The Global Economy in Historical Context” and Chapter 10; Ravenhill, Chapter 7; Walter and Sen, pp. 85-118.

Additional reading:

- Gilpin, Global Political Economy , Chapters 6, 7, 8, 9, and 10
On-line material:


Seminar questions:

1. What are the major intellectual influences that shaped the post war order?
2. What are the strengths and weaknesses of the theory of hegemonic stability in terms of its ability to explain the post war international institutional system?

Session 3: From GATT to WTO: The Uruguay Round and the WTO as an institution

The Uruguay round agreement and the creation of the WTO was heralded as the most significant international institutional event since the creation of the United Nations. This session will consider why this was so, what the new WTO was meant to achieve, and how these developments fit into the broader scheme of things at the international and domestic levels.

Required reading:

- Walter and Sen, Chapter 2;
- Oatley, Chapter 2, Ravenhill, Chapter 5.

Additional reading:


Online material:

Seminar questions:

1. Why was the Uruguay round and the creation of the WTO considered to be the most important international institutional development since the Second World War?

2. Is the WTO the appropriate forum for minimum harmonised global standards pertaining to Trade-Related Intellectual Property, labour standards and environmental standards?

Session 4: IMF and World Bank in the international system

We consider the debate over the nature and effects of IMF and World Bank lending and the policy conditionality that is usually attached to such lending. The IMF in particular has come under severe criticism and scrutiny in recent years. We discuss the continuing debate over whether the governance structure of these institutions is legitimate and how they should be reformed.

Required reading:


Additional reading:


Seminar questions:
1. Are IMF and World Bank lending programmes politically flawed?
2. Does the US dominate the IMF and World Bank? Should it?

Session 5: Development, the international system and domestic institutions: East Asia and Latin America

Why are some countries rich and others poor? Why, specifically, did East Asia’s postwar growth experience differ so dramatically from that of the rest of the developing world? What were the relative importance of international and domestic factors in economic policy choices and outcomes? Why have contemporary economists placed so much emphasis upon the role of domestic institutions in economic development? How have the global financial crisis and the rise of China shaped development thinking?

Required reading:
- Oatley, chapters 6-7; Ravenhill, chapters 12 and 13.

Additional reading:
Seminar questions:

1. Do international or domestic factors explain why some countries have developed and others have not?

2. Is there such thing as a “Beijing consensus”? If so, why is it attractive and does it represent an alternative to the “Washington consensus”?

Session 6: The IPE of the global environment

Global environmental concerns are the one major issue on which nations have to cooperate. Yet nation states are reluctant to commit to institutional and other arrangements that would constrain national policy autonomy, and often prefer to address environmental problems directly. Yet the global environmental agenda is growing constantly, and the politics and science of debates surrounding environmental issues are growing more complex and difficult to manage. This session will look at what some of the issues on the agenda are, how national and international systems prefer to respond, and discuss whether these approaches will solve these problems or not.

Required reading:
- Ravenhill, chapter.14.

Additional reading:

Online material:

Seminar questions:
1. What are the main impediments to global environmental cooperation, and why is it so difficult to forge agreement?
2. Who are the winners and losers from effective global climate governance? Do normative and moral concerns matter more in this issue area than in others?

Why are pegged exchange rate systems fragile? We first investigate a classic case of the postwar period, the breakdown of the Bretton Woods system of pegged exchange rates in the early 1970s. We then turn to consider the problems of the European Monetary System in the 1980s and early 1990s.

Required reading:
- Walter and Sen, Chapters 4-5.
- Texts: Oatley, chapters 10-11; Ravenhill, ch.8.

Additional reading:
Seminar questions:

1. Was the breakdown of the Bretton Woods pegged exchange rate system the inevitable result of US decline?
2. If pegged exchange rate systems are difficult to maintain under circumstances of international capital mobility, why do so many developing countries peg their currencies?

Session 8: The Political Economy of Financial Crises

We investigate why developing countries have been particularly prone to deep financial crises and why, more recently, financial fragility reappeared in the developed countries. First, we examine the case of ‘petro-dollar recycling’ in the 1970s and the Latin American debt crisis of the 1980s. We then turn to consider the so-called ‘capital account crises’ of the 1990s, in Mexico, East Asia and Argentina. Finally, we discuss the origins and consequences of the recent global financial crisis. We focus on the political and institutional factors that contribute to financial fragility.

Required reading:
- Ravenhill ch.8

Additional reading:

- Brender, Anton and Florence Pisani. 2009: Globalized finance and its collapse


Seminar questions:

1. Are emerging market countries any more prone to serious financial crises than advanced countries? If so, why?
2. Why have so many developing countries borrowed offshore in the apparently dangerous form of hard currency bank loans?

Session 9: The Politics of Global Imbalances

Some authors have claimed that the international monetary and financial system has imperceptibly moved in the direction of a “new Bretton Woods” system, pointing to the tendency of developing countries to peg to the dollar and to accumulate large dollar reserves. Others argue that the historical parallels are misleading. This debate is also relevant to the issue of whether large global “imbalances”, in particular the re-emergence of large US external deficits, are sustainable over the long term. We also discuss the political implications of the rise of developing country foreign exchange reserves, including sovereign wealth funds.

The readings below are mostly by economists, so you may find some aspects difficult. However, it should provide a good test of your ability to apply the political economy concepts and the technical knowledge you have acquired in this course to a global issue of substantial contemporary relevance.

Required Reading (both online)


Additional reading:


Seminar questions:

1. Is there a new Bretton Woods system?
2. With regard to contemporary global imbalances, who is exploiting whom?

Session 10: Globalisation and economic policy: integration and welfare in Europe

To what extent is deeper integration in Europe, including EMU, a response to globalization? What were the origins and consequences of the Single Market Programme in Europe? What explains the Maastricht treaty on monetary union and the subsequent adoption of a single currency? Is the European welfare state under threat from globalization? Does deeper integration increase the EU’s power within the international political economy?

Required Reading:

- Ravenhill ch.10

Additional reading:

- Dyson, K. 'The Franco-German relationship and Economic and Monetary Union: Using Europe to ‘bind Leviathan’", West European Politics, 22/1 (January 1999), 25-44.


- Eichengreen, Barry. ‘The Euro’s Never-Ending Crisis,’ Current History 110 (734).

Seminar questions:
1. Is the deepening and expansion of European integration in recent decades a response to external pressures or internal opportunities?
2. Can the European social model survive the strains of globalization and European monetary union?

Session 11: MNCs in the global political economy

During the last half-century the importance and strength of foreign direct investment and multinational corporations has grown significantly. How did this come about and what does it mean for the management of the international system? What does it mean for developing countries? Have global firms come to rival states as actors in the global political economy?

Required reading:
- Oatley, chapters 8 and 9; Ravenhill ch.11; Walter and Sen, Chapters 6-7.

Additional online reading:
Seminar questions:

1. What determines the relative bargaining power of states and MNCs in the global economy?
2. Does the rise of foreign direct investment and outsourcing “flatten” the world economy? If so, how?

Session 12: Regionalism in the World Economy

The origins of the ‘new regionalism’ in the Americas, Asia and Africa. We investigate the emergence of NAFTA, Mercosur, the ASEAN FTA and other regional arrangements outside of Europe. What explains this trend towards regionalism? What are its consequences for global governance and the multilateral trading system in particular?

Required reading:
- Ravenhill ch.6

Additional reading:
- New Political Economy (2000) special issue on regionalism (5:3)


Seminar questions:

1. What accounts for the proliferation of regional trading arrangements since the mid-1980s?
2. Does regionalism enhance or undermine international economic order?

Credit Transfer: If you are hoping to earn credit by taking this course, please ensure that you confirm it is eligible for credit transfer well in advance of the start date. Please discuss this directly with your home institution or Study Abroad Advisor.

As a guide, our LSE Summer School courses are typically eligible for three credits within the US system and 7.5 ECTS in Europe. Different institutions and countries can, and will, vary. You will receive a digital transcript and a printed certificate following your successful completion of the course in order to make arrangements for transfer of credit.

If you have any queries, please direct them to summer.school@lse.ac.uk