Lecturer: Dr Jeffrey Chwieroth

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 afternoon lecture, followed by a shorter seminar discussion in the morning of the next day.

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

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 1-hour classes. A mid-session examination will be held in the middle of the second week and a final examination at the end of the course. Each examination will last two hours. They will count towards 40% and 60% of the final grade respectively.

**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 into 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.

Text: Ravenhill, Chapters 1 and 2.

Online material:


Other references:

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.

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

Online material:


Other references:

Gilpin, *Global Political Economy*, Chapters 6, 7, 8, 9, and 10


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;

Text: Oatley, Chapter 2, Ravenhill, Chapter 5.

Online material:


*Other references:*


*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:*


Other references:


Seminar questions:

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


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.

Other 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 6: 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:

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

Other references:


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 7: 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.


Online material:


Other references:


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?

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.


Texts: Oatley, chapters 14-15; Ravenhill ch.8

Other 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)


Other 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?


Other 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?


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

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?


*Text:* Ravenhill ch.6

*Other 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?