

## International Political Economy—Fall 2006

Political Science 327  
Prof. D. Michael Shafer  
M/Th 1<sup>st</sup> Period (9:15-10:35)  
Office Hours: M/Th. 8:00-9:00

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This course is about the changing relationship between political and economic power in international relations. It asks: Where did the postwar international economic order come from? How did it function? Who has it served—and hurt—and how? Why has it changed? What is the new globalization? How and why is it developing as it is? Who will control it and whose interests will it serve?

At a more basic level, this course is about the fundamental problem of international political economy: how do we conduct economic activity across borders—buy and sell goods, invest and lend—when political authority ends at borders? How, in other words, can we do business, which requires regularity, rules and predictability, in the face of the anarchy of the international system? In this new era of globalization, however, this course also deals with the simple fact that many major economic actors and phenomena are actually global and operate without primary reference to states, although they have critical implications for states and their citizens.

Finally, and at the most basic level, this course is about the core problem of contracting that lies at the heart of social, economic and political life at all levels: how and why and how credibly do individuals and groups establish contracts, that is, more or less explicit commitments to behave in certain, specified ways?

We will proceed in four steps. First, we will examine important theoretical issues: What are the economic and political realms and how do they relate? What is economic power, what is its relation to political power—and vice versa? What is economic interdependence and its modern incarnation, globalization? How are the rules of the international economic order made and enforced? Second, we will explore competing explanations of international political economy (and their different answers to these big questions). Third, we will study the origins, institutions, and operation of the postwar international trade and monetary regimes, and such issues as protectionism, industrial adjustment, the WTO and debt. Finally, we will explore economic relations between advanced and developing countries, and such issues as the role of MNCs, alternative development strategies, women and development, and the development-population-environment-resources tangle.

Throughout the course, and in keeping with the effort to understand how contracts, big and little, work, we will ask one critical question over and over: who's responsible? Whether the issue is the fate of the Brazilian rainforest or simply the fate of a group's paper, we will ask: What interests are at play? Who stands to win or lose? Can the differences be mediated? Who bears final responsibility—and says who?

**WARNING:** There are no formal prerequisites for this course, but this is not a course for the faint of heart or the lazy. The material is difficult, the workload is heavy, and I expect a lot. Therefore, please read the following description of course requirements and organization carefully. You may feel that you will not be comfortable in IPE as I teach it. If not, there is no shame in taking it with another professor next semester. **If you do choose to stay, however, the following is the contract between us.**

**Organization, Requirements and Grading:** This course will run on a roughly two week cycle. In each cycle, I will give two lectures and show a film. Then on our fourth meeting I will challenge you to a discussion about how the readings and lectures apply to your case assignment, and on our fifth meeting we will discuss the case. As you will see from the brief description below and from the Assignments Summary, however, you are going to be busy almost constantly, whether doing research, meeting, writing, practicing or presenting. The details of how the class as a whole and the case-based meetings will work, as well as what is expected of you—and why—will be spelled out in class. The forms for the Case Matrix, Group Interaction Diagram, and Group Meeting Log, and the requirements for readings sets (and a lot more) are at: <http://cgsd.rutgers.edu/shafer.shtml>. All are also available on e-Reserve as Course Docs. Let me note the key points here, however:

1. In this course you will be divided arbitrarily into groups. Each group, as a group, will be responsible for writing two papers in preparation for case sections. There will be **no** papers for the first case (Debt for Nature Swaps, September 21), and each group will be exempted from writing papers for two of the remaining four cases. **NB:** *Every* group will be assigned a role in *every* case and *every* group is required to prepare a “Case Matrix”, readings set and presentation for the case section—whether or not you are also writing a paper.
2. How you, the members of your group, divide preparation and writing of your assignments among yourselves is your business, but **everyone** in the group will receive exactly the same grade for the papers, reading sets, and Case Matrices submitted, no exceptions. Furthermore, since I will assume that everyone in a group has participated in preparing the presentation and/or paper, everyone will be equally fair game if I have questions during class about the case-related topic you, as a group, were asked to consider. And since the papers will be group efforts **no late papers will be accepted.**
3. The purpose of papers is not to punish, but to teach. Therefore, if you are dissatisfied with the grade you receive, you are encouraged to meet with me *as a group* to discuss revisions and then to rewrite the paper *as a group*. Your original grade and rewrite grade will be averaged.
4. In order to help you integrate readings, lectures and case materials, and to prepare for case presentations, each group member and each group has assignments for each case, whether you are writing a paper or not. Each group must submit an **electronic** packet of its combined assignments (paper if assigned, Case Matrix and readings set). **No late submissions will be accepted.**
5. Group participation counts—a lot. Each group will draw up a “Group Contract” during the “Contracting, Big and Little” section, and after every case section each of you will submit and be graded on a variety of materials reporting on how the group process worked and what could be done to improve it. At the end of the semester, the quality of your group participation will be graded by the other members of your group.
6. This is a full participation course. I believe that **everyone**—male and female, native English speaker and exchange student—should participate in class and should learn how to speak in public. I will therefore enforce a simple rule: **No one in a group may speak a second time until all members of the group have spoken.** If you are shy or feel that you do not fully understand the material, get your group mates to help you prepare; if one of your group mates is shy or doesn’t seem to understand, take the time to prepare him/her to participate effectively. Your grade depends on it!
7. There will be pop quizzes. These will be short answer exercises that test your understanding of the vocabulary, ensure that you are doing the reading—and give you an incentive to come to class. They will be individual, not group efforts.

8. There will be a final. It will be an individual, not group, effort—though you will find that your group constitutes a great study group. The final will be **very** short—one half hour—and will focus exclusively on factual detail, as all analytical work will be done in your case paper groups.

Case papers (two, <b>collective</b> grade, electronic submission)	20%
Case matrices (four, <b>collective</b> grade, electronic submission)	30%
Reading sets (four, <b>individual</b> grade, electronic submission)	20%
Group participation in non-paper cases	P/F
Individual assignments (Top Tens, articles)	P/F
Group meetings logs and group interaction diagrams (four, <b>individual</b> grade)	10%
Participation grade from other group members	10%
Final exam ( <b>individual</b> grade)	10%

**Rationale, Or Why Do I Bother With All This?** It is no accident that I teach my course the way I do. In fact, I have worked long and hard to develop this particular organization. I will explain at length in class, but again, let me outline the basics here.

Three distinct teaching goals shape the organization of this course.

- I want to make sure that at the end of the semester you know something about international political economy. The problem is that no one learns much sitting passively listening to lecture after lecture. Learning takes place only when you have to engage the material directly. This is why I use the case method, which forces you to take what you learn from my lectures and from the readings and apply it to real world situations. I also want to make sure that at the end of the semester you know something not only about the theory, but also about the practice of international politics. Again, this is why I use the case method, which forces you to engage the big issues not in the abstract, but at the level of the individual policy makers whose concrete actions actually make the system go.
- I want to make sure that at the end of the semester you have improved your critical thinking, writing, research, and public speaking skills. This is why I use so many cases, and why I set up the case assignments the way I do.
  - *Thinking:* Making good arguments is hard work; it requires learning how to assess your position and that of the other side, how to identify the grounds on which to compare and contrast the two, how to weigh evidence, and how to construct a compelling case for your preferred position while fairly representing the alternatives. You can learn these skills only by exercising them—a lot—and this is why we will run five cases this semester.
  - *Writing:* Good writing also doesn't come naturally; it too requires a lot of practice and often a lot of second effort. This is why I require two papers in this course—and why I not only permit but encourage rewrites. Indeed, if experience is any guide, more than half of you will rewrite your papers, doubling the amount of writing you do. While this will spoil many a nice Saturday for me, it is a good thing for you because there is no way to learn to write except to write and rewrite.
  - *Research:* In the past, I provided packets of materials relevant to each case and assigned scholarly articles on the subject. I no longer do so for two reasons: (1) students read very

few of the articles and (2) I realized that I was doing the real work for them. You have to learn how to conduct research on contemporary issues, because you will be constantly asked to do so at any job you have. And, of course, you will most likely use the Internet as your primary research tool. The problem with Internet research is, however, that old bugaboo: garbage in, garbage out. How do you learn to find the good stuff? Practice.

- *Speaking*: Like it or not, you will all have to make public presentations in your professional lives—but like good thinking and good writing, good public speaking skills don't come naturally. They have to be learned, and they can be learned only by doing. Again, this is why I use the case method, which forces you to stand up and make your argument in open debate with others. It is also why I require everyone to participate, no exceptions. I wouldn't think of excusing one of you from writing papers, because you have to learn how to write, and I therefore wouldn't think of excusing one of you from participating in class, because you have to learn how to speak in public. "I'm shy" doesn't cut it.
- Finally, I want to make sure that at the end of the semester you have improved your group work skills. There is an irony here: on the one hand, we do not teach you how to work together, and call collaborative work cheating; on the other, no one in the real world works alone, and top business executives tell us that our graduates' most important weakness is that they don't know how to work in teams. This is why I require you to work in arbitrarily assigned groups. Working effectively in a group, especially in a group of strangers, is hard and can be learned only the hard way—by doing. I know how hard it is to work in these groups, to get along with some group members, to deal with lazy free riders, even to schedule group meetings. But while I sympathize with your frustrations, I also know how essential it is in my own life that I know how to handle all these difficulties. Why? Because I must do so day in and day out, just as you will have to, day in and day out, in your own working lives.

I know that this seems like a lot. I know that I expect a lot that other professors do not. But I also believe very strongly that you need to know all this stuff, and this is the most effective way I know of teaching it. So again, if you do not agree, or would prefer to learn international political economy in a more traditional way, unencumbered by all the writing, public speaking and group work requirements I impose, you should not take this course. **If you elect to stay, however, you are signing up for the whole package, no exceptions.**

**Course Etiquette:** Some simple rules of etiquette apply in my classroom. First, each and every student in my classroom is owed basic respect. My classroom is a safe place in which every student may feel free to do his/her best without fear that (s)he will be put down by anyone. Put differently, I will not abide by dis's, mockery, slurs or any such. Second, while I believe in vigorous debate and the highest possible intellectual standards, I also believe in fairness. As I will tell you repeatedly, I believe that the measure of your argument is how fairly you present—and then demolish—opposing arguments. To read the full course etiquette statement, go to “Course Documents, Forms & Miscellaneous Assignments” at <http://cgsd.rutgers.edu/shafer.shtml> (also available on e-Reserve).

**Reading Assignments:** All assigned readings are required. Those marked with an (\*) are available for purchase at the Douglass Coop – **but you should check half.com and other online sellers of used texts before buying new!** All readings are on reserve at the Douglass Library, on e-Reserve, or available online at <http://cgsd.rutgers.edu/shafer.shtml>. (See below.) You are **strongly** encour-

aged to read the New York Times and/or the Wall Street Journal, as an understanding of current events in the domestic and global political economy will be relevant to Matrices and papers.

**Online Resources:** To eliminate the need for an expensive Pequod packet, I have put your assignment summary, group work summary, the group work readings, required work sheets, case assignments and actual cases online at <http://cgsd.rutgers.edu/shafer.shtml> and on e-Reserve. As you prepare for cases, I strongly suggest that you use the online resources assembled at the Center for Global Security and Democracy website, [www.cgsd.rutgers.edu](http://www.cgsd.rutgers.edu). On the homepage, click the link to *Resources for Faculty and Students*. It provides a wide range of resources and research tools such as maps, data sources, links to media, libraries of international agreements and more that will serve you well in every IR, comparative politics, international economics and diplomatic history course you will ever take. (You can also access this page from my website.) NOTE: Under “Skill Sets” you will find links to sites that explain proper citation of sources, the effective use of PowerPoint, etc. I expect your papers and presentations to show evidence that you have mastered all that these sites have to offer.

**Advising:** I will do my best to keep an eye on you and to call you out if I think you look like you need help; but there are a lot of you and just one of me. It is therefore up to you to come to me if you need help—on anything. I have office hours before class (when none of you are in class) and I come to class early in order to be available to talk. I can arrange alternative meeting times, just ask. And don't be shy. Advising is part of my job. I am happy to help you with course materials, paper and exam preparation, with planning your future, internships, picking a graduate school, and with navigating the Rutgers bureaucracy. Perhaps most important, I'm a good listener if you need someone safe to talk to, and I can help you find help if you need it.

**Getting Hold of Me:** I am hard to find when I am not in class, and therefore your best bet is to catch me there or at office hours. You can phone me at Political Science (932-9358) or you can email me ([mshafer@rci.rutgers.edu](mailto:mshafer@rci.rutgers.edu)). (Please don't abuse email communications, however, since I am already overwhelmed!) In dire emergencies, you may call me at home, **but not after 9:00 PM!**

### **READ WHAT FOLLOWS CAREFULLY AND FOLLOW DIRECTIONS!**

**Identification:** All individual submissions must include your full name, **as it appears on the roster**, AND your group number. All group submissions must include the full names, as they appear on the roster, RU ID numbers of all members, and the group number.

**I do NOT accept hard copy submissions except of Group Interaction Diagrams.** To avoid the perennial problems of printers and forgotten diskettes, all papers, case matrices, group meeting logs, and reading sets will be submitted **electronically**. The email time stamp will serve as the date/time of submission.

**Submission of papers:** All papers must be submitted through [www.turnitin.com](http://www.turnitin.com), an online reference checking system. You should go to [www.turnitin.com](http://www.turnitin.com) and create a user profile immediately. To do so, you will need the following:

- Class ID number: 1525704
- Course password: shafer (Note, the password is case sensitive)

**NB:** To ensure that your research meets academic standards, please refer to the Skills Sets section of *Resources for Students and Faculty* at [www.cgsd.rutgers.edu](http://www.cgsd.rutgers.edu). You can and should also use [www.turnitin.com](http://www.turnitin.com) to pre-test your papers. I have set the parameters so that you can submit as many drafts as you like prior to submitting your final draft. This way you can check for any inadvertent citation mistakes. But note, this also means that papers that do not receive a perfect bill of health from [www.turnitin.com](http://www.turnitin.com) will fail.

Since only one member of a group will actually be submitting a paper and I will be downloading papers to grade from [www.turnitin.com](http://www.turnitin.com), make absolutely certain that the title page of your papers includes group number, and the full names, as they appear on the roster, of all group members.

**Format for Other Electronic Submissions:** Case matrices, meeting logs, and readings packets must be submitted electronically as **Microsoft Word or Excel** attachments **only**. Please do **not** submit Mac files, Mac Word files or others; Microsoft Word or Excel only. Please use print preview to check your files before you email them to me. I have no patience whatsoever for dealing with files that are not instantly readable. Address the email to: [mshafer@rci.rutgers.edu](mailto:mshafer@rci.rutgers.edu). In the subject line of the email please specify what you are submitting, e.g., IPE Group 3 Steel Paper. Give the attachment a meaningful name, e.g., IPE\_Gr3\_St.doc. Make sure that the matrix-log-readings packet itself (not just the email) includes your identifying information on a title page.

**Format for Case Matrices:** The provided Case Matrix is meant as a *template*. Different cases will have different numbers of actors and you may need more or less room to outline the essential information for each section. Do not, therefore, feel constrained to make the matrix fit onto a single page as the template does. (No remotely sufficient matrix will fit on a page; indeed, generally speaking each actor will take a page or more.) What matters is that for every actor you provide information on all of the essential categories running down the left hand column.

## COURSE OUTLINE AND READINGS

### Part I

- Section 1: Interdependence (Sept. 7, 11, 14, 18, 21)
- Session 1. Preface: What's this course about, and how is it organized?
  - Session 2. Interdependence through the ages. (Lecture)
  - Session 3. The consequences of interdependence. (Lecture)
  - Session 4. Film: "Amazon Sisters" **Quiz**
  - Session 5. Case: "Debt-for-Nature Swaps: Win-Win Solution or Environmental Imperialism?" **e-Reserve. (No paper assignment, BUT case matrix and reading sets to be submitted by all groups; all groups will be expected to have group positions developed for presentation.)**
- Readings: Keohane and Nye, Power and Interdependence, chapters 1-2. **Library reserve.**

Robert Gilpin, "Economic Interdependence and National Security in Historical Perspective," in Knorr and Trager, eds., Economic Issues and National Security. **Library reserve.**

\* Joan E. Spero, Jeffrey A. Hart and Stephan Woolcock, The Politics of International Economic Relations, 7<sup>th</sup> edition, 2006, Overview.

Films: "Global Generation," six part series (each part 25 minutes), on reserve at the Media Library

Section 2: Contracting: Big and Little (Sept. 25 and 28)

Session 1. Small group workshop. **Assignment due, in-class exercise.**

Session 2. Contracting workshop. **Assignment due, in-class exercise.**

Readings: "Contracting, Big and Little" **e-Reserve**  
"Groups Are Fun" **e-Reserve**

Section 3: Alternative Explanations & the Problem of Explaining (Oct. 2) **Assignment due.**

Session 1. Neo-liberalism, dependency, and neo-mercantilism. (Lecture)

Readings: \* D. Michael Shafer, Winners and Losers, Cornell, 1994, chapters 1-2.  
Spero and Hart, chapter 5.  
"Through Mongolian Eyes" **e-Reserve**

## **Part II**

Section 4: The Trading System (Oct. 5, 9, 12, 16, 19)

Session 1. The basic system and its norms. (Lecture)

Session 2. Film: "Is Wal-Mart Good for America?"

Session 3. Brave new world: NAFTA, the WTO and the future. (Lecture)

Session 4. The real world: Buying Your Spring Collection (Lecture by Oksana Sporniak, Assistant Costing/Product Manager, Jacques Moret Co., NY, NY)

Session 5. Case: "The Eagle and the Dragon: The November 1999 US-China Bilateral Agreement and the Battle over PNTR" **e-Reserve**

Readings: Spero and Hart, chapter 3.

Film: "Stolen Childhoods, on reserve at the Media Library

Section 5: The Monetary System (Oct. 23, 26, 30, Nov. 2, 6)

Session 1: Film: "Life and Debt"

Session 2. The making and unmaking of the Bretton Woods system. (Lecture)

Session 3. Grappling with the global money market. (Lecture)

- Session 4. **Assignment due, in-class exercise.**  
 Session 5. Case: “Who’ll pay the Mortgage? Argentina and the IMF” **e-Reserve**
- Readings: Spero and Hart, chapters 2 and 6.  
 Case: “From Miracle to Crisis: Brazilian Foreign Debt and the Limits of Obligation.” **e-Reserve**
- Film: “The New Rulers of the World, on reserve at the Media Library

### Part III

- Section 6: Politics of the Multinational Corporation (Nov. 9, 13, 16, 20, 27)
- Session 1. MNCs: Engines of development or agents of neo-colonial imperial exploitation? (Lecture)  
 Session 2. Multinational or global? What the future holds. (Lecture)  
 Session 3. Film: “Not for Sale”  
 Session 4. **Assignment due, in-class exercise.**  
**NOTE: No class, Thursday, Nov. 23 – Thanksgiving**  
 Session 5. Case: “Who Pays? Avian Flu Goes Ballistic” **e-Reserve**
- Readings: Case: “Merck and Co., Inc.: Addressing Third World Needs.” **e-Reserve**  
 Spero and Hart, chapters 4, 8.  
 Shafer, chapter 3.
- Film: “Drowning in Oil, on reserve at the Media Library
- Section 7: Development: What does the Third World want? What does it value? How can it get the one and protect the other? (Nov. 30, Dec. 4, 7, 11)
- Session 1. Film: “The Other Side of Outsourcing”  
 Session 2. What *is* development, for whom, and how do you get there? (Lecture)  
 Session 3. Women and rain forests. (Lecture)  
 Session 4. Case: “ShakaLand: Development or ...?” **e-Reserve**
- Readings: Spero and Hart, chapter 7.  
 Shafer, chapter 4.
- Films: “The Price of Aid” and “Water Business Is Good,” on reserve at the Media Library