UNIVERSITY OF OXFORD
Department of Politics and International Relations
Optional Subject for M.Phil. in International Relations:

**International and European Political Economy**

Michaelmas Term 2002

**Course Provider:** Dr Kalypso Nicolaïdis, St Antony’s College
(Kalypso.Nicolaidis@sant.ox.ac.uk) website: http://users.ox.ac.uk/~ssfc0041

**Course assistant:** Angus Thomson (Thomson.Angus@bcg.com)

**Time and Place:** Fridays 10-1pm, European Studies Center, St Antony’s College
(70 Woodstock road)

**Course Aims**

The course aims to introduce graduate students to aspects of the interaction between states, societies, firms and markets at the international level, with a focus on the European and Transatlantic context. It also covers the most recent controversies in the field around the theme of globalization and global governance. It does not cover directly the IPE of developing countries, although many of the sessions include a strong North-South dimension. It is intended to develop at an advanced level ideas introduced in the core M.Phil. courses on international relations theory and international history. No background in international economics is required.

**Rubric**

The interrelationship between the world economy and the international political system, including the principal theories regarding international political economy. The course seeks to integrate readings and discussions on theory and methodology and analysis of contemporary issues in IPE. Topics will include: the reconstruction of the international economy after 1945; the role of the US in the post-war period and theories of hegemonic stability; the politics of international trade and the evolution of the GATT/WTO system; the development of regional economic arrangements and the relationship between regionalism, multilateralism and globalization in the world economy; the political economy of the European Single Market; current issues in transatlantic economic relations; the reformulation of IPE under globalization; and the main schools of thought on global economic governance.

The detail of weekly reading and questions is listed below. If there are additional topics that individual students wish to cover, they should consult Dr Nicolaïdis.

**Organization of Teaching**
The course will be taught in a small tutorial group. During each weekly 3-hour session, there will be a 30-45 minute lecture on the topic(s) followed by group discussion. Each student should come to class with an outline of a response to each of the week’s questions. In addition to discussion within the group, there will be follow-up tutorials on students’ individual work. Each student taking the M.Phil. option is expected to produce 2 papers on topics of choice covered during term (the length is not critical but around 2500/3000 words is a rough norm). Students will be able to post their paper and discussions around it on the course website (on Dr Nicolaidis’ website). The website will be used to post materials, questions and (optionally) essays.

Readings

Students are expected to cover all of the required readings for each week. A packet of week 1’s readings will be available on October 10th from Dr. Nicolaïdis’ office. Packets of readings for each subsequent week will be distributed in class. Those writing on one of the topics for a week will also be expected to have a command of the arguments in the recommended readings.

Developing some familiarity with major journals in the field is also highly recommended. Students are also expected to keep up during term with the Financial Times, The Economist and with important websites such as:

- Europa (http://europa.eu.int/index-en.htm)
- the OECD website (http: www.oecd.org)
- the WTO website (http: www.wto.org)

Major journals in the field include: International Organization; International Affairs (London); World Politics; The World Economy; International Studies Quarterly; The Journal of World Trade; The Journal of Common Market Studies; The Journal of European Public Policy; American Political Science Review; Review of International Political Economy; Journal of Economic Perspectives; World Development.

Robert Gilpin’s new Global Political Economy (2001) will be a core text, with chapters assigned in almost every week. We suggest that you purchase a copy.

Course Outline:

Week 1. 1. General Introduction to International Political Economy

2. The Construction of the Post-1945 International Economic Order: Theories of hegemonic stability, regime formation, and regime maintenance.

Case: The General Agreement on Tariffs and Trade

Week 2. Market Integration through Politics and the Courts

Case: The European Single Market
Week 3. Tensions in the World Economic System: Regionalism, and the politics of trade linkages

Case: The North American Free Trade Agreement

Week 4. The Interplay between Ideas, Interests and Institutions

Case: The World Trade Organization and related IOs

Week 5. Domestic Politics Approaches to IPE

Case: Transatlantic Economic Relations


Case: The Internet

Week 7. Inequalities of Power and Wealth: Conditionality and Redistribution

Cases: IMF/World Bank lending, USAID, EU structural funds, Lome convention and EU enlargement

Week 8. Future Directions in IPE: A Global Governance Agenda for the New Millennium?

Cases: Three Declarations: Doha - UN Millennium – Johannesburg

1. Introduction AND The Construction of the Post-1945 International Economic Order:

Case: The GATT

Part I: Introduction

We will start this class with an introductory lecture on IPE as a field of enquiry, its goals and scope, and its relations to political science, international relations and economics. This will be followed by a class discussion. Please come prepared with questions or comments on what you see at the major theoretical perspectives on the academic study of international political economy in the last three decades.

Required Readings:


*Part II: The Construction of the Post-1945 International Economic Order*

**Questions**

a) How useful is hegemonic stability theory in explaining the nature of the post-45 international economic order? How does it compete with alternative explanatory paradigms, including Ruggie’s concept of ‘embedded liberalism’?

b) To what extent was regime theory developed to supplant or supplement hegemonic stability theory? Under what condition is which approach most relevant?

**Required Readings**

Skim this reading for the basics on HST:


Then read:


**Recommended readings**
Eichengreen, Barry, ‘Hegemonic Stability Theories in the International Monetary System’ in Frieden and Lake, eds, *International Political Economy*


Week 2. Market integration through Politics and the Courts

Case: The European Single Market as the paradigm case

Questions:

a) What are the different biases (or ‘prefered factors’) of alternative theories European integration? How do they relate to IR and IPE theories in general?

b) What where the different phases towards the completion of the European Single Market? What actors or forces were the driving force behind each of these phases? Specifically: why do authors disagree over the causal factors that led to the Single European Act and the implementation of the ‘Europe 1992’ project? How much influence did supranational leadership and entrepreneurship have on the final outcome? What was the role of multinational business? How much can simply be explained through intergovernmental bargaining? Is this confirmation of neo-functionalist predictions? How would we know?

c) What are the problems associated with applying the principle of mutual recognition in the European Union?

Required Reading:

For this session students should familiarize themselves (to the extent possible!) with the relevant portions of The Treaties Establishing the European Communities, 1987 and Treaty on European Union (also known as the Maastricht Treaty). The treaties are available online at http://ue.eu.int/amsterdam/en/traiteco/en/main.htm.

Also, do visit the EU site (http://europa.eu.int/), in particular on the single market.

For a very general introduction to the EU you may want to read: William Wallace, The Transformation of Western Europe (Royal Institute of International Affairs, 1990) OR William Wallace, Regional Integration, Brookings, 1994

Analyzing the Single Market


Egan, Michelle, Constructing a European Market, OUP, 2001 (chapters 1-6; toy directive and conclusion)


Theory

Mattli, The Logic of Regional Integration, p19-40


Pollack, “International Relations Theory and European Integration” JCMS, June 2001

Laffan et al, Europe’s Experimental Union, Ch 4

Kenneth Armstrong and Simon Bulmer, The Governance of the Single European Market (1998), pp. 13-89 and 276-318; (read chapters on case studies according to your particular interest).

Recommended readings


Pelkman, Jacques, European Integration, chs. 5-10 –This is for more detailed economic analysis.


Duff, Andrew, ‘The Main Reforms,’ *Maastricht and Beyond*, Andrew Duff et al. (eds.), pp. 36-52.


Muttimer, D., ‘1992 and the Political Integration of Europe: Neo-Functionalism Reconsidered.’


3. Tensions in the World Economic System: The Role of Regionalism and the politics of trade linkages (eg human rights, environment and labor standards)

Case: The North American Free Trade Agreement

Questions:

a) What is/was the case for NAFTA? The case against? How and by whom was the case for and against made at the time? And how has it evolved?

b) What is the rationale for designing “trade and...” agreements such as that included in NAFTA? More generally: How should we systematically think about ‘trade and...’ issues’? When should environmental, labour or other such domestic standards be considered legitimate national regulations and when should they be treated as protectionist devices? What did the GATT have to say on these issues?

c) What are the sources and implications of the tension between regionalism and multilateralism? Under what conditions are these complementary or contradictory?

Required Readings

1. General on Regionalism and multilateralism

Gilpin, Robert, Global Political Economy, chapter 13.


Mattli, Walter, The Logic of Regional Integration, p. 41-67 and p. 139-188.

Tovias, Alfred, “Regional Blocks and International Relations: Economic Groupings or Political Hegemons?” in Lawton et al, Strange Power


2. NAFTA introduction

Cameron, M. and Tomlin, B. (2001). The Making of NAFTA: How the Deal was Done chapters 1, 3 and conclusion.

Hoebing, Weintraub & Baer, NAFTA & Sovereignty, chapters 5 & 6.

3. NAFTA & Labor


4. Beyond NAFTA: “Trade and …”


Recommended readings

NAFTA effect on labor conditions and gender issues


Joshua Brones, Paying the Price for NAFTA: NAFTA’s Effect on Women and Children Laborers in Mexico, UCLA Women’s Law Journal


Elvia R Arriola, Voices from the Barbed Wires of Despair: Women in the Maquiladoras, Latina Critical Theory and Gender at the US-Mexico Border,
49(3) DePaul Law Review (2000), 729


Environment


Esty, Daniel, Greening the GATT or Gatting the Greens? (1994), chs. 2, 5, 8 and 9.


General:


Vogel, Trading Up, Consumer and Environmental Regulation in a Global Economy, Harvard University Press, 1995

Bhagwati and Hudec, Fair Trade and Harmonization, MIT Press, 1996, volume 2, Chapter 3 on environment, chapters 4 and 5 on Labour standards, chapter 7 on competition law

Bhagwati and Hudec, Fair Trade and Harmonization, MIT Press, 1996, volume 1, chapters 1, 2, 3 (general), 4 (environment), 5 (labor), 10 an 12 (race to the bottom).


Beddoes, Zanny Minton, “From EMU to AMU?: The Case for Regional Currencies,” Foreign Affairs 78, no. 4 (July/August 1999)

Hausmann, Ricardo, “Should There Be Five Currencies or One Hundred and Five?” Foreign Policy, no. 116 (Fall 1999)

Sachs, Jeffrey and Larrain, Felipe, “Why Dollarization Is More Straitjacket Than Salvation,” Foreign Policy, no. 116 (Fall 1999)


Hoebing et al. (eds.), NAFTA and Sovereignty: Trade-offs for Canada, Mexico and the United States (CSIS, 1996).

Lawrence, ‘Regionalism, Multilateralism and Deeper Integration,’ Brookings
4. The Interplay between Ideas, Interests, and Institutions

Case: The World Trade Organization and related IOs

Questions

Please address these questions keeping in mind the interplay between ideas, interests and institutions in explaining outcomes.

a) What were the developments, material and ideological, which led to the launching of the Uruguay Round? Why were traditional GATT rules not adapted to the areas of services and intellectual property? How would you explain the main characteristics of these new regimes and their redistributive implications?

b) What led to the creation of WTO? Who were the winners and losers in this development?

c) On what grounds has the legitimacy of the WTO been questioned in the last few years? And how could it be enhanced?

d) Inter-organization cooperation and competition: To what extent and how does the WTO interact with other international organisations (WIPO, WHO, ITU, UNCTAD, ILO, Montreal Protocol)?

Required readings

General

Gilpin, Robert, Global Political Economy, chapter 8.

Background on GATT and World Trade System

The two best and most comprehensive overviews (try to skim both entirely, and read more carefully the selected sections):


Uruguay Round and creation of WTO


Two pieces on the services negotiations in the Uruguay round, emphasizing learning (first) and the role of epistemic communities(second):


For details on agreements on institutions and specific areas:

Trebilcock, Michael, and Robert Howse, The Regulation of International Trade (1995). Read 11 (services), 13 (intellectual property rights), 14 (trade and developing countries), and 19 (Conclusion). I also recommend readings chapters on movement of people, TRIPS and dispute resolution

Hoekman, B. and M. Kostecki (2001). The Political Economy of the World Trading System., read p 46-144 (institutions) and chapter 8 (TRIPS)


WTO from the Uruguay Round to Seattle: critical assessments

Compare and contrast: Economist articles on Seattle (Dec 4th and 11th 1999) and FOCUS newsletter, January 2000

Howse “From Politics to Technocracy – and Back Again: The Fate of the Multilateral Trade System” AJIL, Jan 2002


Highly recommended readings available on the Web (with a copy available at the center):

Eric Stein, International Integration and Democracy: No Love at First Sight
American Journal of International Law, Vol. 95, No. 3. (Jul., 2001), pp. 489-534. Read specifically on WTO and WHO

Laird, Sam, Dolphins, Turtles, Mad Cows and Butterflies – A Look at the Multilateral Trading System in the 21st Century, Credit Research Paper, 00/16

WEB Sam Laird, The WTO agenda and developing countries, Nottingham : Centre for Research in Economic Development and International Trade, University of Nottingham, 2000

The WTO and civil society / Jan Aart Scholte, Robert O'Brien and Marc Williams, Coventry : University of Warwick, 1998


Howe and Nicolaidis "Enhancing WTO Legitimacy: Constitutionalization or Global Subsidiarity?" in Marco Verweij and Tim Josling (eds), Deliberately Democratizing Multilateral Organization, special issue of Governance (2003).

Howse, “How to Begin to Think About the Democratic Deficit in the WTO?” 2002 draft


Intereconomics, The WTO and the Rights of Individuals


Recommended readings
**Theory/ General**


Odell, John, *Negotiating the World Economic System*, 2001

Kahler, *International Institutions and the Political Economy of Integration*, IIE 95, pp. 117-134.


**Uruguay Round and Beyond**


President Clinton, *Letter to Congress on Trade Agreements Resulting From the Uruguay Round*, December 1993.


Graham, Edward, and David Richardson (ed.), *Competition Policy in a Changing World Economy*, (1997), chs. 1 and 17 (overview of the issues and recommendations).


Graham and Richardson, *Global Competition Policy*, IIE, 1997, chs. 1, 8, 17

5. Domestic Politics Approaches to IPE:

Case: Transatlantic Economic Relations Questions

Questions:

a) How do the internal characteristics of the US and the EU affect their role in the global economy?

b) What factors – domestic/systemic- on both sides explain the evolution of transatlantic economic relations and in particular trade conflicts related to protectionist legislation or different standards for food, products or services? Are domestic level explanations the most fruitful in this particular case, why or why not?

c) More specifically: What are the relative strengths and weaknesses of Putnam’s two level game approach vs domestic structure approaches to IPE?

Required readings:

Theory

Gilpin, Robert, Global Political Economy, chapter 7.


Milner, Interests, Institutions and Information (1997), p1-66


Keohane and Milner, Internationalization and World Politics (1996) chs. 1-3; Milner and Simmons, IO special issue, 1999.

Garre, in International Organization, Autumn 1998 or Garrett Partisan Politics in the Global Economy 1998

Ikenberry, Lake and Mastanduno, IO 42 Winter 1988.


US and EU

Read parts on MRAs from Week 2: Nicolaidis, 1997 and Nicolaidis and Egan, 2001.
Stefaan Smis et al, “The EU-US Compromise on the Helms-Burton and D’Amato Act” AJIL 93/1, jan 99


Hindley, ‘New Institutions for Transatlantic Trade?’ in International Affairs, 75,1, 1999

**Meta-narratives**

Nicolaidis, Kalypso, and Robert Howse, “‘This is my Utopia’: Narrative as Power” with Robert Howse, in Journal Of Common Market Studies, Special Anniversary issue, 2003 and Comments by John Peterson


**Recommended readings**


Polanyi, The Great Transformation.

Rogowski, Ronald, Commerce and Coalitions.


6. Globalization and the Reformulation of the IPE Agenda

**Case:** The Internet

**Questions:**

a) Are the current trends in the international political economy labelled ‘globalization’ of a qualitatively different character from previous increases in interdependence?

b) What are the alternative views on the effect of globalization on the nation-state? How are we to redefine the boundaries and forms of sovereignty in the globalization era?

c) What are the challenges associated with the global governance of the internet?

**Required Readings:**


Clark, Ian *Globalization and International Relations Theory*, Oxford University Press, 1999

Kierzkowski, *Europe and Globalization*


**Recommended Readings**


**Recommended Readings**


Week 7: Inequalities of Power and Wealth: Conditionality and Redistribution

**Cases:** IMF/World Bank lending, USAID, EU structural funds, Lome convention and EU enlargement

**Questions:**

a) What are the most important (domestic, external) determinants of inequalities across countries? Has globalization increased or decreased inequalities in the world over time? Discuss both the evidence and the underlying theories.

b) To what extent do institutions of global governance, reflect, magnify or conversely mitigate international inequalities in wealth and power? Discuss with regards to the use of conditionality and redistribution mechanisms in the World Bank, IMF, USAID, EU.

c) What are the different faces of the anti-globalization movement?

**Required Readings:**

Gilpin, Robert, Global Political Economy, chapters 10 & 12.

Held and Mc Grew, Globalization and Anti-Globalization

Stiglitz, Globalization and Its Discontents

Bamyeh, Mohammed, The Ends of Globalization

**Equity in International Relations: A Third World Perspective**
Cedric Grant
Stable URL: http://links.jstor.org/sici?sici=0020-5850%28199507%2971%3A3%5C567%5C3AEIIRAT%3E2.0.CO%3B2-4

**Ethics, the Environment and the Changing International Order**
Henry Shue
Nicolaidis, “Order and Justice Beyond the Nation-State: Europe’s Competing Paradigms” with Justine Lacroix, in Rosemary Foot, John Gaddis and Andrew Hurrell (eds), Order and Justice in International Relations (Oxford: OUP, 2003).

“GATT”, in Rosemary Foot, John Gaddis and Andrew Hurrell (eds), Order and Justice in International Relations (Oxford: OUP, 2003).


Susan Marks @ Big Brother is Bleeping us @ see Alvarez week 4


Rodrik, Dani “Why is there Multilateral Lending?,” CEPR Discussion Paper, no. 1207, available at Queen Elizabeth House


Krugman and Obstfeld, “Trade Policy in Developing Countries,” in their International Economics

**Services and E-Commerce**


**Recommended Readings:**


8. Future Directions in IPE: A Global Governance Agenda for the New Millennium?

**Cases: Three Declarations: Doha - UN Millennium - Johannesburg**

This will be a relatively open session where we will discuss how current issues in the *international political economy* are affecting IPE as a field of study. As a way of framing the issue we will look at three “declaratory” strategies (cases above) and what they imply

**Questions:**

a) What are the broad principles reflected in the Doha - UN Millennium – Johannesburg Declarations? What are the mechanisms for their implementation? How would we assess their effectiveness?

b) What are the factors that are likely to shape the global economic governance in the next decade?

c) What are the alternative paradigms for global economic governance?

**Required readings:**

- Texts of the three declarations
  - **Balancing Trade and the Environment**
    Duncan Brack
    *International Affairs (Royal Institute of International Affairs 1944-)*, Vol. 71, No. 3, Ethics, the Environment and the Changing International Order. (Jul., 1995), pp. 497-514
  - **Eco-Fundamentalism**
    Deepak Lal
    *International Affairs (Royal Institute of International Affairs 1944-)*, Vol. 71, No. 3, Ethics, the Environment and the Changing International Order. (Jul., 1995), pp. 515-528

Morgan et al. (eds.), *New Diplomacy in the Post-Cold War Era*, p. 213 (trade and environment).


15 October 2002