

**IR 391-IPE**  
**Sabancı University**  
**Jean Monnet Module:**  
**Contextualizing Europe in International Political Economy (CEIPE)**

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Office	: FASS 2132	
Office hours	: Monday	2:30-3:30 and by appointment
Class time & location	: Monday	3:40-5:30 @ FASS 1081
	Wednesday	3:40-4:30 @ FASS 1081

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**COURSE SYLLABUS**

***Course objectives***

This course aims to introduce students to major theoretical and empirical issues in the sub-field of international political economy (IPE). It will focus on several issue areas in IPE such as international trade, international monetary system, international production networks (multinational corporations) and development. As it is offered within the framework of a Jean Monnet module, entitled as “Contextualizing Europe in International Political Economy (CEIPE),” the course will explore the evolution of two intertwined processes, namely the regional and global integration. With a specific emphasis on the evolution of the European Union, it will examine the leading international, regional and supranational organizations along with their varying roles in shaping the global and national economies. The course will be constituted of four distinct parts whose detailed contents are explained under the Course Schedule below.

**Part I** will explore major theoretical perspectives in IPE and their application on empirical issues, especially the global and regional integration of markets. Providing a brief historical background for the emergence and prevalence of increasing integration and interdependence at the global and regional levels, this part will discuss the milestones with respect to the evolution of interdependence at the global and regional markets in the 20<sup>th</sup> and 21<sup>st</sup> centuries.

**Part II** will discuss political economy of international and regional trade studying the role of the interest groups and distributional issues, along with the international and regional organizations. It will examine multilateral and preferential trade agreements including the customs unions and free trade agreements; scrutinize the recent changes regarding trade; and elaborate on the role of the international, regional and supranational organizations in such changes.

**Part III** will discuss the North-South divide and economic development. It will go through major development strategies implemented by developing countries since the 1950s; assess varying levels of success and failure across countries. Then it will examine market transitions, “the Washington Consensus”, “post-Washington consensus” and “the Beijing Consensus”. Finally, this part will discuss the challenges faced by developing countries in the current context; explore the role of the EU in designing and implementing development strategies; and discuss the applicability of the “European model” in varying subsets of developing countries.

**Part IV** will focus on the processes of globalization and regionalization along with the debates as to whether they are complementary or contradictory processes. Situating the EU in the broader process of regionalization, this part will expose students to a comparative study of regionalisms including NAFTA, ASEAN and MERCOSUR. It will elaborate on the multifarious interactions between the international organizations and the EU, along with their impact on the member and candidate countries. This last part will also cover the global expansion of capital movements and their worldwide impact, addressing the expansion of multinational corporations and portfolio flows. It will go through the current debates on the validity and sustainability of different models in the context of globalization and regionalization.

### ***Course Policies***

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You are expected to be an active participant in this course. Therefore, it is essential that you come to class prepared to discuss the readings for each meeting. Additional short readings may be assigned over the course of the semester. In case you miss a class, please check *SUCourse* in order to be informed about additional readings and assignments. We will have class/ group discussions and individual/ group presentations in designated times. Therefore, it is highly recommended to keep up-to-date about ongoing events in global economy. Checking web-sources (some of which are listed on the last page) along with the respective sections of the major journals and newspapers (national and international alike--such as the Economist, the Guardian, Le Monde Diplomatique, Financial Times, New York Times, etc.) will help you go over the IPE and EU-related news and commentaries.

There will be a **midterm, a final exam, two homework assignments and in-class presentations** whose weights in your course grade are listed below.

### ***Grading***

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Midterm	20%
1 <sup>st</sup> Assignment	10%
2 <sup>nd</sup> Assignment	20%
Presentation	10%
Final exam	30%
Class Participation	10%

### ***Make-up Policy and other regulations***

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There will be no make-up for the exams, unless the student provides a complete doctor's report from a fully-equipped hospital (rather than the University's Medical Center).

**The use of mobile phones and computers is strictly forbidden during class-time, except for during designated discussions, debates and presentations.**

### ***Readings***

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The following materials will be available at Homer Bookstore, the Information Center and/or the Copy Center. Electronic copies of the articles which are assigned for designated weeks will be uploaded on the SuCourse. Additional readings might be assigned over the course of the semester.

- **Textbook**
- Oatley, Thomas. 2013. *International Political Economy, Interests and Institutions in the Global Economy*, 5th edition, London and New York: Routledge.
- **Optional readings**
- Bhagwati, J., P. Krishna and A. Panagaria eds. 1999. *Trading Blocs. Alternative Approaches to Analyzing Preferential Trade Agreements*, Cambridge: MIT Press.
- Cini, M. 2009. *European Union Politics*, Oxford University Press, 3<sup>rd</sup> edition.
- Cohen, B.J. and C. Lipson. 1999. *Issues and Agents in International Political Economy*, Cambridge: MIT Press.
- Dinan, D. 2005. *Ever Closer Union: An Introduction to European Integration*, Palgrave.
- Frieden, J. 2006. *Global Capitalism*, Norton.
- Frieden, J and Lake, D. eds. 2000. *International Political Economy*, Bedford/ St. Martin's.
- Gillingham, J. 2003. *European Integration, 1950-2003, Superstate or New Market Economy?* New York: Cambridge University Press.
- Lechner, F. J. and J. Boli eds. 2008. *The Globalization Reader*, Blackwell Publishing.
- McCann, D. 2010. *The Political Economy of the European Union*, Cambridge: Polity Press.

## COURSE OUTLINE

### Part I: Theoretical Perspectives and Historical Background

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#### Week 1: Sept 26–30

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- Introduction to the Course
- What is IPE? Why do we study it?
  - Issues and leading approaches
- Two major and simultaneous trends: Globalization and regionalization
  - How to understand the European integration in the context of these trends?
- Major theoretical perspectives in the IPE
  - Liberalism, realism and Marxism (and their *neo*-versions)

**Required reading** : Oatley, chapter 1

#### Week 2: Oct 3-7

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- Applying theoretical tools in real-world-phenomena
- A short historical background to global economy
  - Which century is more globalized: the 19<sup>th</sup> or the 21<sup>st</sup>?
  - Europe in the global economy
  - Pax-Britannica and Pax-Americana

**Required reading** :

- ✓ Lairson, Thomas D. and David Skidmore, *International Political Economy, the Struggle for Power and Wealth*, Thomson and Wadsworth, chapter 3.

**Optional**

- Frieden. 2007. *Global Capitalism, chapters 1-4*.

**Debate** : Which theoretical perspective explains the current outcomes in the international economy better?

**Week 3: Oct 10-14**

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- Post-war IPE: institutionalization and multilateralism
  - “The Bretton Woods Trio”
  - The Cold War, its alliances, internationalization and institutions
    - The reconstruction of post-war Europe
    - Emergence of a new consensus
  - “Golden era,” crises and new approaches

**1st Assignment (paper due on Nov 18) : Please beware that this assignment has two parts which will be graded separately. Teams of 4-5 students** will choose a currently active Bretton Woods institution (i.e., IMF, the World Bank or WTO) and examine its major functions.

**Here is what you need to do:** Find a recent case-study (from the last five years) in which that institution got involved and elaborate the case through the interaction of prominent actors. Evaluate the **effectiveness** of the institution regarding that particular case. Incorporate your own thoughts as well as the empirics. You will **first PRESENT your case & findings (Weeks 5-7)** and then submit a **PAPER** (max. 1200 words in length) summarizing your findings, **by November 18 (both as a team)**. Please consult with the professor about your cases and **inform her about your team and project by October 21.**

**Required readings:**

- ✓ United Nations Monetary and Financial Conference at Bretton Woods. *Summary of Agreements*. July 22, 1944.
- ✓ Marshall Plan Speech by George Marshall.
- ✓ Lairson & Skidmore, chapter 4.

**Optional**

- Frieden. 2007. *Global Capitalism, chapters 5-7.*

**Part II: Political Economy of Trade****Week 4: Oct 17-21**

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- Bretton Wood Institutions and their impact on global economy
  - Design and politics of the international trade regime
  - WTO and Challenges
  - Pressing Issues for Poor Countries
  - EU and the WTO: Conflicts and conformity
    - Multilateral bargaining with a regional bloc, the case of the EU

**Required readings :**

- ✓ Oatley, chapter 2.
- ✓ Oxfam. 2002. “Rigged Rules and Double Standards: Trade, Globalization, and the Fight against Poverty”. *Oxfam Trade Report*.

**Optional**

- Oxfam. 2003. “Running into the Sand: Why Failure at the Cancun Trade Talks Threatens the World’s Poorest People.” Oxfam Briefing Paper 53.

**Week 5: Oct 24-28**

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- Operation of the Bretton Woods institutions
  - IMF and the World Bank: Evolution and expansion of organizations
- Politics of decision-making; critiques and challenges

**Required readings**

- ✓ Oatley, Chapter 3.
- ✓ Miles, T. "Argentina complains to WTO over Spanish biodiesel rules, Reuters, 8/20/2012.
- ✓ Nelson, R. and M.A. Weiss. 2015. "IMF Reforms: Issues for Congress," Washington, D.C.: Congressional Research Service.
- ✓ Davis, C. 2006. "Do WTO Rules Create a Level Playing Field for Developing Countries? Lessons from Peru and Vietnam," in J. Odell (ed.) *Negotiating Trade*, Cambridge University Press.

**Optional**

- Goldstein, J. and L. Martin. 2000. "Legalization, Trade Liberalization, and Domestic Politics." *International Organization* 54 (3): 603-32.
- Wroughton, Lesley, "IMF Vote Reform Bogged Down by Delays, Deadlock," *Reuters*, 10/8/2012.

**\*\*Presentations of the team projects (1<sup>st</sup> assignment)****Week 6: Oct 31-Nov 4**

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- Political economy of trade
- An overview of trade theories
  - Society-centered approaches and their pitfalls

**Required readings:**

- ✓ Oatley, chapter 4.

**Optional**

- Krugman and Obstfeld. 2003. *International Economics*, pp.186-217.

**\*\*Presentations of the team projects (1<sup>st</sup> assignment)****Week 7: Nov 7-11**

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- Politics of policy-making in international trade
- State-centered approach and its pitfalls
- Free trade versus protectionism
- Preferential trade agreements: Customs Union vs. Free Trade Agreements
  - Emergence of the European Economic Community and the Customs Union
    - Single Market and Economic and Monetary Union

**Required readings** : Oatley, chapter 5.

- Cini, M. 2009. *European Union Politics*, Chps. 16, 20.

**Optional**

- Hiscox, M. J. 2004. "The Domestic Sources of Foreign Economic Policies" in Ravenhill J. (ed) *Global Political Economy*, Oxford University Press, pp.50-84.

**\*\*Presentations of the team projects (1<sup>st</sup> assignment)****\*\*Midterm Exam: November 9**

## Part III: The North-South Divide and Economic Development

### Week 8: Nov 14-18

- The evolution of the divide and the varieties of “catching-up”
- Trade and development
- Varying development paths
  - Import-substituting industrialization
  - Export-oriented industrialization
- Global trade, regional trade and development
- The role of the EU in development
  - Historical and contemporary perspectives and initiatives
    - Case study: “Everything but Arms”

#### **Required readings** :

- ✓ Oatley, chapters 6-7

#### **Optional**

- Özel, Işık. 2011. “Economic Development,” G.T. Kurian (ed.) *The Encyclopedia of Political Science*, Washington D.C.: CQ Press, Vol. 2, pp. 416-420.

**\*\*1<sup>st</sup> (written) assignment is due on Nov 18 @midnight.**

### Week 9: Nov 21-25

- Politics of market liberalization
- Conservative revolution, “neoliberalism” and “post-neoliberalism”
- The Washington Consensus
  - Crises and the Post-Washington Consensus
- The European Model and its current challenges

#### **Required readings** :

- ✓ Cini, M. 2009. *European Union Politics*, Chps 24-26.
- ✓ Oatley, chapters 14-15.

#### **Optional**

- Rodrik, Dani. 2008. *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth*, Princeton, New Jersey: Princeton University Press.

**2<sup>nd</sup> assignment (due January 6):** Pick two developing countries from the middle-income category (from the list provided by the lecturer); examine their development strategies since the 1960s along with the changes in those; and evaluate their effectiveness. Please study your cases considering the challenges and opportunities of ongoing globalization process. Write **a paper individually** (around 1500-2000 words in length) about the results of your research. Further information will be provided on the SuCourse.

### Week 10: Nov 28-Dec 2

- The developmental gap and the recent changes
- The millennium goals
- Emerging markets and “the Beijing Consensus”
- European initiatives in development: opportunities and deadlocks

**Debate** : **Is there a way out for the South?** Debate on policies & strategies for the South with actors (domestic, international and supranational) who would play major roles in policy-making (such as the President (or prime minister), representatives of labor, business, government employees, the WTO, IMF, the World Bank, the EU and the US administration, etc.

**Required readings** :

- ✓ "United Nations Millennium Declaration." 2000. Resolution adopted by the General Assembly, 55/2.
- ✓ "Human Development Report 2014, Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience," UNDP.

**Optional**

- Yang, D L. 1996. "Governing China's transition to the market: Institutional incentives, politicians' choices, and unintended outcomes." *World Politics*, 48(3): 424-452.
- Qian, Y. 2003. "How Reform Worked in China" in Rodrik (ed), *In Search of Prosperity: Analytic Narratives on Economic Growth*, Princeton University Press, pp. 297-333.

## Part IV: Globalization and Regionalization

### **Week 11: Dec 5-9**

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- Globalization: great opportunities or great woes?
- Multinational corporations as agents of global integration?
- Controversies about globalization
  - "Race-to-the-bottom"
  - Crises, environmental degradation and human rights

**Video** : Global Assembly Line

**Required readings** :

- ✓ Oatley, Chapters 8-9.

**Optional**

- Mosley, L. 2007. "Racing to the Bottom or Climbing to the Top? Economic Globalization and Collective Labor Rights," *Comparative Political Studies*, 40: 923-948.
- Stiglitz, Joseph E. 2002. *Globalization and Its Discontents*, W.W. Norton & Co.

### **Week 12: Dec 12-16**

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- Regional blocs and globalization: Building or stumbling blocs?
  - Comparative regionalization: EU vs. NAFTA, MERCOSUR, ASEAN
  - Is it possible to replicate the European integration?

**Required readings** :

- ✓ World Trade Report 2011. "The WTO and Preferential Trade Agreements: From Co-existence to Coherence," World Trade Organization.

**Optional**

- Panagariya, A. 2002. "EU Preferential Trade Arrangements and Developing Countries." *The World Economy*: 1415-1432.

- Baldwin, R. 2006. "Multilateralising Regionalism: Spaghetti Bowls as Building Blocs on the Path to Global Free Trade," *World Politics*.
- Bhagwati, J., P. Krishna and A. Panagaria eds. 1999. *Trading Blocs. Alternative Approaches to Analyzing Preferential Trade Agreements*, Cambridge: MIT Press.

### Week 13: Dec 19-23

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- Capital flows: FDI and portfolio
- Liberalization of capital flows & financialization
- Financial crises and comparative impact: the US, the EU and developing countries
  - 2008 Financial Crisis and its repercussions
  - Euro Crisis and its varying impact

**Debate** : Pros and cons of global and regional integration

**Required readings:**

- ✓ Sen, A. "How to Judge Globalism" in Lechner & Boli, pp.19-24.
- ✓ Friedman, T.L. 1999. "The Lexus and the Olive Tree: Understanding Globalization".
- ✓ McCann, D. 2010. *The Political Economy of the European Union*, Chp TBA.
- ✓ Rodrik, D. "Has Globalization Gone too Far?" in Lechner & Boli, pp.241-246.

**Optional**

- Rodrik, Dani. 2010. *The Globalization Paradox: Democracy and the Future of the World Economy*.
- Florida, Richard. 2005. "The World is Spiky: Globalization has changed the economic playing field but hasn't leveled it," in O'Neil & Rogowski, *Essential*, pp. 590-595.

### Week 14: Dec 26-30

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- Ongoing debates in IPE & review of the course
  - End of an era?
  - *Quo vadis* the European model?
- The future of regionalization and globalization

**Required readings** :

- ✓ Cini, M. 2009. *European Union Politics*, Chp 27.
- ✓ Subcomandante Marcos, "Tomorrow Begins Today," in Lechner & Boli, pp.474-478.
- ✓ World Social Forum, "Porto Alegre Call for Mobilization," in Lechner & Boli, pp.479-481.
- ✓ International Forum on Globalization, "A Better World is Possible," Lechner&Boli, 482-493.
- ✓ Stiglitz, J.E.2008. "Making Globalisation Work," *The Economic and Social Review*, 39 (3): 171-190.

**\*\*2<sup>nd</sup> Assignment is due on Jan 6 @midnight.**