

Introduction to the Class International Political Economy

I. What is International Political Economy?

This class is called International Political Economy. It is, of course, concerned with those aspects of political economy that deal with relations between countries and the politics within countries. An eminent contemporary political economist, Professor Robert Keohane, has [summarized](#) the field of political economy as *the study of the use of political means to allocate scarce resources and to affect economic outcomes*. This is different from economics *per se* since it does not analyze two-way voluntary exchange, but rather studies forced allocations of factors and outputs. There is nothing wrong with thinking of things this way. It is merely an extension of economics to embrace politics in a meaningful way. Indeed, one could say that the imposition of an income tax is done by threat and is far from voluntary, yet this enormous forced redistribution is done every day and is justified in democracies by elections and the public good – all things that are ultimately political in nature. International political economy (IPE), a subject that dates to about 1980, involves the distribution and use of vital resources among countries. IPE looks at the implicit and explicit bargains made between countries regarding resource usage and allocation. Taking an example from Keohane, Saudi Arabia has oil and the US has military might, financial markets, consumer markets, and education, etc. Thus, the US provides security and protection and other things for Saudi Arabia in return for oil. This is an example of the bargains being made between countries and it forms part of the subject of IPE. These bargains are often implicit and thus quite difficult to discern.

Another IR scholar Robert Gilpin has written a book on international political economy and the book is currently available in Kindle form for immediate download from Amazon [here](#). This book is entitled *Global Political Economy: Understanding the International Economic Order*. It was published in 2001 and is therefore a bit dated. Students may be interested in reading it. It is not however a required work. For those following international relations, Robert Gilpin would be classified, I think, as a neorealist. He has adopted this stance in writing his books on economics, as well. I will make a 25-minute audio of an interview made with Gilpin in 1987. The Youtube audio is too low to be heard. I have amplified the audio for your convenience. I will place the file on the computer in the DDIR office.

Professor Gilpin also wrote a book in 1987 dealing with how the economy affects international relations. That book was entitled *The Political Economy of International Relations*. The field of international relations was just pulling away somewhat from the subject of political science and was establishing itself as a separate discipline. [Here](#) is a book review that provides a short discussion of this earlier work of his. Students may be interested in reading these. They are not however required works.

Our modest class will make use of short readings on international economics that are geared for students of political science and international relations. Each reading is coupled with 8-10 questions at the end, some of which must be answered before leaving the class for the day. These will also help in preparing for the midterm and final exams. Professor Gilpin feels that, in "political economy", it is better to meld together various fields of study in an eclectic manner, rather than to rely entirely on economic theory. This is what distinguishes political economy from its uncorrupted relative, economics. Perhaps for a person whose job it is to survey numerous disciplines each day (like a Princeton professor of international relations) this may be acceptable and laudable. However, there is a danger that most students (including myself) will only get a smidgen of each subject and as Alexander Pope said¹

" A little learning is a dangerous thing; Drink deep, or taste not the Pierian spring "

Instead, we will look at many topics in economics and apply economic reasoning to these. If we find the opportunity to relate these immediately to history, politics, and international relations, then all the better. I suspect finding bridges between economics and politics, IR, etc. is something that students will be better equipped to do in the future at their leisure. It surely will be more fun.

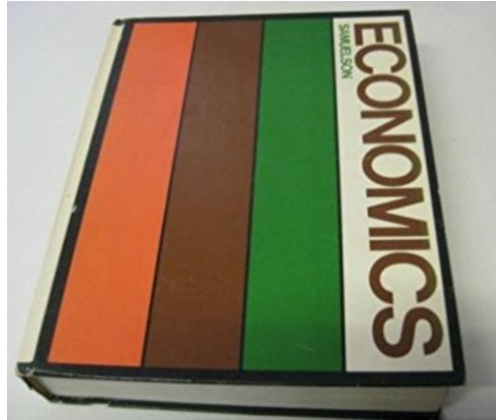
II. How to Study for the Course

Most students should already understand how to study for this course from taking my other courses. However, this semester we will try to maintain a set pattern rather than having a varying pattern of class presentations. The first period we will review the reading for that week. It will be expected that each student has already read the article and can discuss the essentials. I will be adding materials to the lecture and therefore, you should take good notes. Do not miss more than three lectures or your grade will suffer.

III. The Structure of the Course

The first half of the semester we will address specific policy issues and tools such as the importance of free trade, the Washington Consensus, the balance of payments, import substitution, export promotion, and protectionism. The second half of the course considers broader topics such as international economic organizations, currency wars, labor migration, globalization, and economic sanctions, among other things. I will not cover Marxism, but I will provide you with a handout taken from Samuelson's *Economics 10 edition* where he discusses Marxian economics. Below is a picture of the book. You may be able to find it in the library. I have a copy in my office. I first really learned economics from this book. It is a masterpiece, but hard to find now.

¹ I fully realize that I may be committing the same sin that I am accusing Professor Gilpin of encouraging. But, this sin in no way renders me unfit for casting the first stone. I am a very practical sort of chap.



You will need to visit my website often and the course webpage is

<http://www.kleykampintaiwan.com/InternationalPoliticalEconomy2017Fall.html>

There will be a midterm (40%) a final (40%) and attendance measured by worksheets (20%).

The exams will generally be multiple choice (20-30 questions) with two essay or analytical questions.

Here is a pdf of Dornbusch and Helmers *The Open Economy: tools for policymakers in developing countries*. It is an excellent book for your reference. This link may not last for long.

<http://documents.worldbank.org/curated/en/546231468782131518/pdf/multi-page.pdf>