

Global Political Economy

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Week 1

Introduction

- What is the unit about?
 - Political science = the study of power
 - Question: what is power?
 - Answer: the ability to control/influence actors and outcomes
 - So study of international political economy (IPE) is = study of power relations between important actors in the makings and outplay of big/significant events in the international economy
- Agenda
 - 1. The origins of International political economy
 - 2. Limitations of classical theories of IPE and 'theories' more generally
 - 3. IPE today
 - 4. The approach of this course
 - 5. Course requirements/expectations
- Origins of IPE
 - Emerged as a sub-discipline within International Relations in the 1960s/70s
 - Previously 'economic' issues considered as minor considerations but people like Robert Gilpin, Robert Keohane and Peter Katzenstein thought otherwise
 - Economic issues were important due to booming world development (almost) everywhere until 1970s
 - How? Why?
 - Pre WWII period:
 - The State as supreme
 - From 1950s – 70s
 - High levels of protection e.g. tariffs
 - High levels of governmental control e.g. post war Bretton Woods architecture fixed exchange rate system, International Telecommunications Union)
 - The result? Boom in world trade compared to pre WWII age of empires
 - Former colonial powers (empires) got rich again
 - American power was unmatched
 - Poor countries got richer too
 - Core 'puzzle' up until 1970/80s → **how governments maintain openness while retaining capacity to govern their economies**
 - Answer: various perspectives emanating from works of 18th – 19th C thinkers
 - Liberalism, Economic Nationalism, Critical Theories e.g. Marxism
- Limitations of classical theories and theories generally
 - Theories = 'World views' in response to a situation or event at the time of writing
 - All theories are **historically specific** and influenced by the situational imperatives at the time.
 - And the world economy has changed remarkably since the 1970s/80s and even more since the 18th/19th Century
 - Today, IPE involves many theories, frameworks, concepts to make sense of the highly complex world we are in!
 - This course is not an exercise in theoretical labels!
- IPE today → the new 'global' world

- Since 1980s, unprecedented expansion of global economic interdependence and openness → ‘economic globalisation’ (Keohane, 2009)
- Globalisation of financial services and the power of the electronic heard
- Rise of new non state actors such as Multinational Companies Supranational Bodies over trade/investment, non governmental organisations (NGOs)
- IPE today → uneven impacts of globalisation on development
 - Widening gap between rich and poor countries
 - E.g. Mozambique vs. South Korea
 - Although ‘BICS’ (Brazil, India, China, South Africa) new growing force
 - Spread of a ‘new economic wisdom’:
 - Neoliberal ideas over state’s appropriate role in economic governance
 - The so-called one-size-fits all ‘Washington Consensus’
- IPE today → new global challenges
 - The disaster of Climate Change and rise of energy insecurity
 - Threatens the very foundations of economic globalisation
 - How can we sustain economic development within the ecological limits of our planet
 - The decline of American Hegemony
 - Once a force which fostered ‘world development’ but increasingly an obstacle e.g. WTO’s TRIPs agreement

Week 10

Globalisation and the Developed Countries – the power of neoliberal ideas or the rise of the activist technology state?

- Globalisation and the rich countries
 - Main issues differ from those faced by LDCs today
 - Less a questions about inequality, more a question about the power of neoliberal ideas in pushing towards capitalist convergence or divergence
 - Studies of neoliberal convergence/divergence have a long pedigree – studies from the 1970s onwards
- Historical diversity of capitalised models
 - There has never been a single model of capitalism in post-WWII era
 - Big body of scholarship identifying and explaining the fact that there are varieties of capitalist systems throughout the world
 - Ideas and institutions differ from country to country
 - However, we can identify three broad patterns or capitalist types
 - Neoliberal states or the ‘golden straight-jacketed’ state (Thomas Friedman 2000)
 - Corporatist states (Peter Katzenstein 1985)
 - Developmental states (Chalmers Johnson 1982)
- The end of capitalist diversity?
 - Globalisation theorists (eg. Thomas Friedman, Scholte, Cerny) argue that increasing economic integration and openness has given rise to new power actors above and below the state
 - Implications of the ‘constrained state’ thesis (refer to Linda Weiss 2003) is that capitalist diversity will erode away and convergence on one model will occur

- The Neoliberal model a.k.a. the ‘competition state’, ‘neo-liberal regulatory state’, free-market capitalism, ‘Anglo-American capitalism’
- Pressures for convergence are undoubtedly real, but are countries really converging on the Anglo-American model?
- Questions
 1. What do the cases of East Asia’s state-guided systems tell us about capitalist convergence or divergence?
 2. What does the case of the U.S itself tell us about the so-called free-market model? Myth or Reality?
 3. What do answers to the above tell us about the impact of globalisation on the state’s role in governing the economy (in the advanced industrial countries)?
 4. What do the answers to the above 3 questions tell us about globalisation and global power actors more generally?
 - Deeper set of processes from coalitions of power actors (national governments and global power actors)
 - *Or*
 - Economic integration
- Key learning outcomes
 - Understand the core features of East Asia’s developmental states
 - ‘Institutional recombination’ (Kim 2012)
 - ‘Hidden Developmental (Network) State’ (Block 2008)
 - ‘Entrepreneurial States’ (Mazzucato 2013)
 - ‘National Security State’ (Weiss 2014)
 - Link between political environment and state orientation e.g. anti- statism and activist technology states
- Agenda
 1. Challenges facing Developmental States and institutional responses from East Asia
 2. The ‘real’ American model
- The 1997 crisis and the end of the East Asian Developmental State?
 - 1997 Asian Financial Crisis
 - Seen by many commentators include Friedman (2000) as a lesson for why government intervention is doomed to fail and free-market capitalism will triumph in the end
 - Even though market failure exists, free market is still preferable to government intervention
 - Since 1997, many argue that neoliberal transformation has occurred (see further reading list: Iain Pirie 2012; Jayasuriya 2005)
 - Moved on from being government led states to be market led states
 - Rise of independent regulatory authorities
 - Greater respect for the rule of law rather than the rule by law
 - Rule by law = system of greater interpretation of legal rules, government bodies have more power
 - Rule of law = common law system
 - E.g. investments in bio-technology industries in SEA countries have been failures
 - However evidence to the contrary → Kim 2012

- Citing the many surface-level changes that have occurred e.g. the liberalisation of FDI in Korea since 1997 crisis, apparent lack of political support for state's developmental role
- But empirical evidence reveals a different picture