



MGMT 208
Globalization and International Political Economy

Fall 2009
Room 245 JMHH

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Course WebCafe <https://webcafe.wharton.upenn.edu/eRoom/mgmtb/208-fa09-1>
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Introduction

We appear to be in the midst of deep-seated change in the international system. Globalization is transforming the way social relations are organized, affecting politics, economics and business activities. The internet has transformed the meaning of geography and territoriality and borders have become permeable and diffuse, making it difficult to distinguish between domestic and international economies or domestic and international politics. The international political system has become more complex with the emergence of powerful new actors such as multinational firms, the EU, international organizations such as the World Trade Organization and OECD and Non-Governmental Organizations such as Amnesty International or Greenpeace. The once clear line between the public and private arenas has blurred as state-owned firms and sovereign wealth funds expand internationally and private actors engage in the battle against AIDs and are asked to promote human rights. The political-economic order is more inclusive than ever before with rising powers such as China and India questioning Western dominance of international institutions and Western norms and assumptions.

The process, however, is very uneven: markets are global while most political and social institutions remain national. A large number of problems including terrorism, epidemics, global warming, the governance of cyberspace, financial stability, food security, and crime cannot be dealt with at the national level. Yet multilateral cooperation is difficult to achieve and international governance is both problematic and rarely accepted as legitimate. While we need new international “rules of the road,” who will make them, whom they will benefit and how they will be enforced are very difficult questions.

Globalization is a controversial term: there is a good deal of disagreement about what it means, its significance, who benefits from it and whether it is permanent or ephemeral. The impacts of the current financial crisis and the “Great Recession” are still unfolding and it is far from clear whether we have reached an inflection point – an ebbing of this phase of globalization -- or we have hit a “bump in the road,” albeit a serious one.

The dramatic rise in importance of multinational corporations distinguishes this phase of globalization: they are the primary mechanism integrating the world economy and

significant actors in international politics. Their broad and dense networks of operations impact issues such as the environment, poverty and inequality, human rights and the nature of culture in a very large number of diverse locales. Furthermore, multinational firms are facing strong pressures to take on roles and functions that bear only an indirect relationship to their operations and bottom line, roles that raise question about the very definition of a corporation.

The Course

Managers in most firms, indeed anyone who claims to be an informed citizen, needs a solid understanding of the structure of the current international political and economic system, the pressures for change exerted by globalization, and how the new emergent system is likely to evolve.

Globalization and International Political Economy is an upper level undergraduate course focusing on globalization and the international political-economy. The course objective is to help students develop a framework that will provide an understanding of the current international environment and provide a basis for thinking about the fundamental changes which are now taking place. The course *does not* deal with the strategic and operational problems faced by managers of multinational corporations directly, but rather is intended to provide an in-depth understanding of the political-economic environment in which they operate.

The course focuses on globalization and its implications, with some emphasis on the roles played by multinational corporations. We begin with an exploration of the nature of the process of globalization and its impact the international (or interstate) political system, trade, investment and culture. We will then turn to a broad review of some of the impacts and implications of globalization including issue areas such as human rights, sanctions, democracy, and global governance.

The course assignments combine conceptual and theoretical readings with issue analyses which explore the impacts and implications of globalization. We will engage in a scenario planning exercise which will attempt to look at possible global futures. Students will be expected to make extensive use of the Internet which contains a very large number of relevant Websites.

The major course requirement is a term paper of 15-20 pages on a course-related topic of the student's choosing. (A summary paragraph is due by October 28th and an outline and bibliography is due by November 23rd.) Other requirements include a take-home mid-term exam and the group scenario planning exercise. Students will also prepare three short (2 page) thought papers due in class the day the topic is discussed. Class discussions will be interactive and structured to encourage participation.

I expect students to attend all class sessions. Missing more than two classes will affect your grade.

Grading will be as follows: course paper (35%); Mid-term exam (25%); thought papers (24%); and the scenario exercise (16%).

Course Materials:

The Global Transformations Reader, (2nd. Ed.) David Held and Anthony McGrew eds., Cambridge: Polity Press, 2003. The book is available at the University Book Store. (GTR)

Bulk Pack available from Wharton Reprographics (BP)

Material posted on course WebCafé

Optional Reading:

The following books deal with globalization and are useful background/ further reading:

Bhagwati, Jagdish (2007), *In Defense of Globalization*, Oxford University Press

Dicken, Peter (2007), *Global Shift (5th Edition)*, Sage Publications

Friden, Jeffrey (2006) *Global Capitalism: Its Fall and Rise in the 20th Century*, W.W. Norton

Stiglitz, Jopseph (2002), *Globalization and its Discontents*, W.W. Norton

Wolf, Martin (2004), *Why Globalization Works*, Yale University Press

webCafe

The webCafe for the course can be found at:

<https://webcafe.wharton.upenn.edu/eRoom/mgmtb/208-fa09-1>. As noted on the syllabus, some of the reading material will be posted there for downloading. If you are not a Wharton student and are enrolled in the course, you can access the webCafe after you obtain a Wharton computing account by applying online at <http://accounts.wharton.upenn.edu>.

MGMT 208
Globalization and International Political Economy
Syllabus Fall 2009
(Dates are subject to change)

1. (9/9) Introduction
2. (9/14) Lessons from History

Reading

Micklewait and A. Woolridge, "It Could Happen Again" (BP)
Ferguson, "Sinking Globalization" (BP)
Bernanke, "Global Integration: What's New and What's Not?" (BP)

Discussion Questions

1. Would you describe the world economy from 1870-1914 as global?
 2. What were the critical factors leading to the first wave of globalization?
 3. What caused it to collapse?
 4. What are the critical defining characteristics of an international world economy?
3. (9/16) Is Globalization Transformative?

Reading

Jan Aart Scholte, "What is Global About Globalization" (GTR)
D. Held, A. McGrew and D. Goldblatt, "Rethinking Globalization" (GTR)
P. Hirst and G. Thompson, "Globalization – A Necessary Myth?" (GTR)
R. Kaplan, "The Revenge of Geography" (BP)

Discussion Questions

1. Are there any meaningful differences between an international and a global world order? If so, what are they?
 2. Scholte describes globalization as "deterritorialization" and warns us about the dangers of "methodological territorialism." Kaplan argues that the "wisdom of geographical determinism endures." Can their arguments be reconciled? If so how? If not, why not?
 3. What does it mean to say that "globalization is transformative?"
4. (9/21) Globalization and the Crisis

Reading

Pisani-Ferry and Santos, "Reshaping the Global Economy" (BP)

Altman, "Globalization in Retreat" (BP)
Wolf, "Is Globalization in Danger?" (BP)
Eichengreen and O' Rourke, "A Tale of Two Depressions"
<http://www.voxeu.org/index.php?q=node/3421>

Discussion Questions

1. What role did globalization play in the current crisis? Did it exacerbate or retard the recession?
 2. In what ways is the global downturn likely to affect globalization? In the short run? In the longer run?
 3. Is there a possibility that the crisis will affect globalization positively? How so?
5. (9/23) Possible Global Futures?

Reading

Rodrik, "Has Globalization Gone Too Far (GTR)
Walker, "Globalization 3.0" (GTR)
Rohter, "Shipping Costs Start to Crimp Globalization" (WebCafé)

Discussion Questions

1. What lessons should we learn from history? Do the events of the 1930s apply to the world in 2008?
 2. What would a "reversal of globalization" actually mean? What would the world economy look like after a "reversal?"
 3. What events, trends or conditions in the world today make you pessimistic about the ability to sustain globalization? What makes you optimistic?
6. (9/28) Yom Kippur – No class
7. (9/30) Globalization and the State System I

Reading

Jackson, "Sovereignty in World Politics" (Pps. 431-441, 449-454) (BP)
ICC, "The Responsibility to Protect" (BP)

Discussion Questions

1. What does Jackson mean when he argues that sovereignty is the norm "upon which the society of states ultimately rests?"

2. The R2P principle stipulates, first, that states have an obligation to protect their citizens from mass atrocities; second, that the international community should assist them in doing so; and, third, that, if the state in question fails to act appropriately, the responsibility to do so falls to that larger community of states. Is R2P consistent with the underlying principles of sovereignty and the international state system?

8. (10/5) Globalization and the State System II

Reading

S. Strange, “The Declining Authority of States” (GTR)

R. Gilpin, “The Nation-State in the Global Economy (GTR)

M. Wolf, “Will the Nation-State Survive Globalization?” (BP)

Failed States Index

http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=391&Itemid=549

Discussion Questions

1. Is the nation-state a relic of the 19th and 20th centuries?
2. What is a failed state? How would you be able to tell if a state fits in that category?
3. What is the gist of Strange’s argument? What about Gilpin and Wolf? What are the major differences in assumptions and conclusions between Strange on the one hand and Gilpin and Wolf on the other?

9. (10/7) Globalization and Finance (Guest Speaker: Professor Mary O’Sullivan)

Reading

R. Deeg and M. O’Sullivan, “The Political Economy of Global Finance” (BP)

Discussion Questions

1. Who do you think are the key players involved in shaping the political economy of global finance?
2. Do you think the recent trend towards the globalization of finance is an inexorable one? What do you think is driving it?
3. What do you think are the costs and benefits of the current system of global finance?

10. (10/12) Economic Nationalism

Reading

“Trouble on the Waterfront” (BP)

Bremmer, "State Capitalism Comes of Age" (BP)
Davis, "Rise of Nationalism Frays Global Ties" (BP)
William, "Big Spenders Stir Protectionism" (BP)

Discussion Questions

1. What is economic nationalism? Is it a threat to globalization?
2. The sovereign wealth fund from Qatar (\$40 billion) owns 25% of Sainsbury, a UK supermarket chain, and is considering a bid for the rest of the company. Is that a problem? What, if anything, should the British Government do about it?
3. Should state-owned companies or investment funds be considered differently than any other potential foreign buyer of an asset? Why or why not? Is "state capitalism" a threat to globalization?

11. (10/14) The Transnational Firm and Trade in Tasks

Reading

Friedman, "The Earth is Flat" (BP)
Palmisano, "Multinationals Have Been Superseded" (BP)
Dicken, "A New Geo-Economy" (GTR)

Discussion Questions

1. What does Friedman mean when he says the world is flat? Is it?
2. Dicken talks about "a new global division of labor." What does that imply? What is new about it?

12. (10/21) Globalization and Culture

Reading

P. Berger, "Four Faces of Global Culture" (BP)
J. Tomlinson, "Globalization and Cultural Identity" (GTR)
A. Smith, "Towards a Global Culture" (GTR)
Robbins, "Encountering Globalization" (GTR)
Skapinker, "Whose Language?" (BP)

Discussion Questions

1. Is globalization "crowding out" local culture and national identities? Is a single homogeneous global culture arising? Does the widespread use of English contribute to homogenization?
2. How would you describe what is happening to culture and identity with the advent of globalization? What are the forces for change and how do they work?

3. Do you feel that Berger's categorization of the modes of global cultural convergence makes sense? Why or why not? Is it useful?

13. (10/26) Governing the Internet

Reading

"Google in China" IVEY Case 9B06E019 (BP)
Akdeniz, "Yahoo Case Report" (BP)

Discussion Questions

1. Do you agree with Schmidt's statements that "not to serve at all was worse evil?"
2. What were Google's options regarding the pressure to self-censor in China? What should they have done?
3. Does Google have a responsibility to try to loosen Chinese control of the Net? Is it in their interest?
4. Did France have the right to ask Yahoo to take down sites offering Nazi memorabilia?

14. (10/28) Civil Society and the Fragmentation of Authority

Reading

Argenti, "Collaborating with Activists: How Starbucks Works with NGOs" (BP)
Mathews, "Power Shift" (GTR)
Mallaby, "NGOs, Fighting Poverty and Hurting the Poor."(BP)

Discussion Questions

1. Why did Global Exchange target Starbucks? Did they have the right to do so?
2. Do you agree with Starbucks' response? Was it a good business decision?
3. What accounts for the rise of NGOs over the last two decades?
4. What is Mallaby's main line of argument about NGOs and civil society? Do you agree with him?
5. What are the advantages or benefits of NGO activity in the international system? What are the downsides of their involvement?

15. (11/2) Mid-Term Exam

16. (11/4) Scenario Exercise Preparation

Reading

“What If...” (BP)

NIC, “Mapping the Global Future...” (selections on WebCafé)

17. (11/9) Guest Speaker

18. (11/11) MNCs and Human Rights I

Reading

Kobrin, “Oil and Politics: Talisman Energy in Sudan” (BP)

Amnesty International, “Human Rights Principles for Companies” (BP)

“Special Report of the Special Representative of the Secretary General” (BP)

Discussion Questions

1. Why did the NGOs target Talisman Energy? Where they right to do so?
2. Is there universal agreement about what constitutes a violation of human rights? If so what does it entail?
3. Was Talisman Energy *complicit* in human rights violations in Sudan? Please explain your answer.
4. What are the implications of the “protect, respect, remedy” framework for multinational firms? Should MNCs have the responsibility to “protect?”

19. (11/16) MNCs and Human Rights II

Reading

Muchlinski, “Human Rights and Multinationals: Is There a Problem?” (BP)

Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises (Webcafe)

U.N. Compact <http://www.unglobalcompact.org/>

Voluntary Principles <http://www.voluntaryprinciples.org/>

Discussion Questions

1. Should multinational firms, as private corporations, be held publically responsible for complicity in human rights violations? Please make the arguments for and against this proposition and then support your conclusion.
2. What is the objective of the UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises? Do you agree with the proposal? What do you disagree with? Please review sections A to E. (You can skim the very dense preamble.)

3. If MNCs were to be held responsible for human rights violations, to whom would they be responsible. That is, who would monitor possible violations, judge behavior, and impose sanctions?

20. (11/18) Scenario Presentations

21. (11/23) Capitalism and Democracy?

Reading

Deudney and Ikenberry, "The Myth of the Autocratic Revival" (BP)

Inglehart and Welzel, "How Development Leads to Democracy" (BP)

Discussion Questions

1. Do you believe that a democratic system will emerge in China?
2. Can a competitive and efficient market economy function in the absence of a democratic political system? Why or why not?
3. What are the links between capitalism and democracy? Can either exist without the other?
4. Does adoption of a market-oriented economy lead to pressures to abandon autocracy and the evolution of political democracy?

22. (11/25) Sanctions

Reading

Haass, "Sanctioning Madness" (BP)

Country cases (WebCafé)

Discussion Questions

1. What explains the dramatic rise in the use of sanctions during the last two decades?
2. Does globalization increase or decrease the probable effectiveness of sanctions?
3. Do you support economic sanctions against Cuba? Burma? Iran? Sudan? Where do you think they have the highest probability of success? The lowest?

23. (11/30) Global Governance I

Reading

J. Rosenau, "Governance in a New Global Order" (GTR)

H. Bull, "Beyond the States System" (GTR)

D. Rodrik, "Feasible Globalizations" (BP)

Discussion Questions

1. What does “global governance” mean? Is there a need for it?
2. Which, if any, of Bull’s alternatives appear most reasonable to you? Why? Is his categorization of the three essential characteristics of the Interstate System reasonable?
3. What are the assumptions underlying Rodrik’s Trilemma? Do you agree with the alternatives he derives from his Trilemma? Which do you think is most desirable and most likely?

24. (12/2) Global Governance II

Reading

Craig, “The Resurgent Idea of World Government” (BP)

Slaughter, “A New World Order (Introduction) (BP)

Rachman, “And Now for a World Government” (BP)

Discussion Questions

1. Is the idea of “world government” a fantasy? Would it be desirable?
2. What does Slaughter mean by a “disaggregated state” or a “disaggregated world order?”
3. Do you think intergovernmental networks have the potential to structure and effective and fair system of global governance? Why or why not?
4. What concrete manifestations, if any, do you see of an evolution of global governance? What form or forms might it take in the future?

25. (12/7) Globalization and Democracy

Reading

R. Dahl, “Can International Organizations Be Democratic?” (GTR)

A. McGrew, “Models of Transnational Democracy” (GTR)

J. Habermas, “The Postnational Constellation” (GTR)

Discussion Questions

1. What is the essence of each of McGrew’s possible forms of transnational democracy? Which do you believe has the most potential?
2. Do you agree with Dahl that international organizations cannot be democratic? Why or why not?
3. Do you think that it is possible to construct a transnational political community that can serve as the basis for a transnational democracy?

26. (12/9) Course Review and Summary