



MGMT 208

Globalization and International Political Economy

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3201 Steinberg-Dietrich Hall

Course WebCafe

<https://webcafe.wharton.upenn.edu/eRoom/mgmtb/208-fa10-1>

Office Hours: Weds. 3-5 PM

Fall 2010

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## Introduction

We are 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. Authority in the international political system has fragmented 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.

Multinational firms are now 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 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. 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.

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 27th and an outline and bibliography is due by November 22nd.) 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.

**Students will not be allowed to enroll after the third class session.**

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*, (2<sup>nd</sup>. Ed.) David Held and Anthony McGrew eds., Cambridge: Polity Press, 2003. The book is available at the University Book Store. (GTR)

Bulk Pack available on Study.Net (S.N)

Material posted on course WebCafé

<https://webcafe.wharton.upenn.edu/eRoom/mgmtb/208-fa10-1>

If you are not a Wharton student and are enrolled in the course, you can access the webCafé 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 2010  
(Dates subject to change)

1. (9/8) Introduction
2. (9/13) Lessons from History

**Reading**

Keynes, Excerpt from *Economic Consequences of the Peace* (S.N.)  
Micklewait and A. Woolridge, "It Could Happen Again" (S.N.)  
Wolf, "Is Globalization in Danger?" (S.N.)

**Questions**

1. What does Wolf mean by "liberalism" and a "liberal global order?"
2. What accounted for the rise of the first global economy in the late 19<sup>th</sup> century?
3. What do you think are the most significant differences between the pre-1914 global economy and ours today?

3. (9/15) An international world economy

**Reading**

P. Hirst and G. Thompson, "Globalization – A Necessary Myth?" (GTR)  
"Responsibility to Protect" (S.N.)

Failed States Index

[http://www.foreignpolicy.com/articles/2010/06/21/the\\_failed\\_states\\_index\\_2010](http://www.foreignpolicy.com/articles/2010/06/21/the_failed_states_index_2010)

**Questions**

1. Why is humanitarian intervention seen as "an indefensible infringement of state sovereignty?" Does the concept of the Responsibility to Protect (R2P) violate the idea of sovereignty?
2. What is a failed state?
3. How would you describe an international economy? How does a global economy differ?

4. (9/0) The transnational transition

**Reading**

Jan Aart Scholte, "What is Global About Globalization" (GTR)  
D. Held, A. McGrew and D. Goldblatt, "Rethinking Globalization" (GTR)  
Palmisano, "Multinationals Have Been Superseded" (S.N.)

**Questions**

1. What is "global about globalization?"

2. What does Scholte mean by “deterritorialization?”
3. What is new about “the globally integrated enterprise?”

5. (9/22) Space, borders and the state system

**Reading**

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

R. Kaplan, “The Revenge of Geography” (S.N)

Friedman, “The World is Flat After All” (S.N)

**Questions**

1. What is the gist of Strange’s argument? Do you agree with her?
2. Does Kaplan’s thesis about the enduring nature of geographic determinism conflict with Strange’s ideas?
3. What does Friedman mean when he says the world is flat? Is it?

6. (9/27) Limits to globalization

**Reading**

R. Abdelal and A. Segal, “Has Globalization Passed its Peak?” (S.N)

R. Abdelal and A. Segal, “Yes, Globalization Passed its Peak?” (S.N)

A. Grove, “How to Make an American Job Before It Is Too Late” (S.N)

**Questions**

1. How would you summarize Grove’s argument? Do you agree with him?
2. What events, trends or conditions in the world today make you pessimistic about the ability to sustain globalization? What makes you optimistic?
3. What would a reversal of globalization actually mean?

7. (9/29) Technology and Globalization

**Reading**

Dicken, “A New Geo-Economy” (GTR)

Grapper, “A Cleverer Way to Build a Boeing” (S.N)

**Questions**

1. Dicken talks about a new “global division of labor.” What does that imply? What is new about it?
2. Boeing has been accused of transferring America’s technological and competitive advantage abroad. Do you agree with that argument?

8. (10/4) Economic nationalism

**Reading**

“The Dubai Ports World Debacle and Its Aftermath” HBS Case 9-707-014 (S.N)

Bremmer, “State Capitalism Comes of Age” (S.N)

William, “Big Spenders Stir Protectionism” (S.N)

### **Questions**

1. What should be the criteria for deciding whether a foreign acquisition or investment is a threat to the national security of a country? Who should decide?
2. Should Dubai Ports have been allowed to complete its acquisition?
3. Should state-owned companies or investment funds be considered differently than any other potential foreign buyer of an asset? Is state capitalism a threat to globalization?

9. (10/6) Globalization and culture

### **Reading**

P. Berger, “Four Faces of Global Culture” (S.N)

J. Tomlinson, “Globalization and Cultural Identity” (GTR)

Robbins, “Encountering Globalization” (GTR)

Skapinker, “Whose Language?” (S.N)

### **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?

10. (10/13) Multiple Capitalisms?

### **Reading**

Walker, “Globalization 3.0” (S.N)

Deudney and Ikenberry, “The Myth of the Autocratic Revival” (S.N)

Inglehart and Welzel, “How Development Leads to Democracy” (S.N)

### **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? Does capitalism lead to democracy?
3. Does the Chinese approach represent an alternative form of capitalism? Is it a threat to a liberal international order?

11. (10/18) The fragmentation of authority

### **Reading**

Argenti, “Collaborating with Activists: How Starbucks Works with NGOs” (S.N)

Mathews, "Power Shift" (GTR)

Mallaby, "Fighting Poverty and Hurting the Poor."(S.N)

### 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 is Mallaby's main line of argument about NGOs and civil society? Do you agree with him?
4. What are the advantages or benefits of NGO activity in the international system? What are the downsides of their involvement?

12. (10/20) Corporate responsibility in a networked world

Readings and questions will be posted on Webcafe

13. (10/25) Impact of the Internet

### Reading

"Google in China," HBS Case 9-510-071 (S.N)

Akdeniz, "Yahoo Case Report" (S.N)

### Questions

1. Why did Google issue its statement of January 12<sup>th</sup>? Were they right to do so?
2. Were they supported by other interested parties? Why or why not?
3. Did France have the right to ask Yahoo to take down sites offering Nazi memorabilia?

14. (10/27) Midterm exam

15. (11/1) Scenario preparation

### Reading

"What If...(Ch. 1-2)" (S.N)

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

16. (11/3) Multilateralism

### Reading

R. Haass. "The Age of Nonpolarity" (S.N)

B. Cohen, "The Bretton Woods System"

<http://www.polsci.ucsb.edu/faculty/cohen/inpress/bretton.html>

### Questions

1. How would you describe the Post-war Bretton Woods system? What were its objectives?
2. How would you define multilateralism?

3. What is a multipolar or “nonpolar” world order? What accounts for its rise?

17. (11/8) 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)

**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?

18. (11/10) Scenario presentations

19. (11/15) Governance in a transnational order

**Reading**

- J. Rosenau, “Governance in a New Global Order” (GTR)  
H. Bull, “Beyond the States System” (GTR)  
D. Rodrik, “Feasible Globalizations” (S.N)

**Questions**

1. What does “global governance” mean? Why is there a need for it?
2. How was the Westphalian or international system “governed?” How were the “rules of the road” made?
3. What are the assumptions underlying Rodrik’s trilemma? Do you agree with his alternatives? Which do you think is most desirable? Why?

20. (11/17) Human rights and the multinational firm I

**Reading**

- Kobrin, “Oil and Politics: Talisman Energy in Sudan” (S.N)  
“United Nations Ruggie Report” (S.N)

**Questions**

1. What is the difference between the state’s duty to protect human rights and the multinational firm’s responsibility to respect those rights?
2. Why did the NGOs target Talisman Energy? Were they right to do so?
3. Do you feel that Talisman complied with their responsibility to respect human rights in Sudan?



21. (11/22) Human rights and the multinational firm II

**Reading**

Muchlinski, "Human Rights and Multinationals: Is There a Problem?" (S.N)

U.N. Compact

[http://www.unglobalcompact.org/docs/news\\_events/8.1/GC\\_brochure\\_FINAL.pdf](http://www.unglobalcompact.org/docs/news_events/8.1/GC_brochure_FINAL.pdf)

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

(Read the introduction and risk assessment and skim the other two sections.)

**Questions**

1. What is the U.N. Global Compact trying to accomplish? How is it implemented?
2. What are the objectives of the "Voluntary Principles?" Do you think they will be effective?
3. Should multinational firms be held responsible for human rights violations? If so how?

22. (11/24) TBD

23. (11/29) Global Governance

**Reading**

Craig, "The Resurgent Idea of World Government" (S.N)

Slaughter, "A New World Order (Introduction) (S.N

Rachman, "And Now for a New World Government" (S.N)

**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?

24. (12/1) Sanctions

**Reading**

Haass, "Sanctioning Madness" (S.N)

Country cases (WebCafé)

**Questions**

1. What explains the dramatic increase in the use of sanctions during the last two decades?

2. Does globalization increase or decrease the probability of effectiveness of sanctions?
3. Do you support the continuation of sanctions against Cuba? How about Iran?

25. (12/6)

26 (12/8) Course wrap-up