



MGMT 208 Revised 7/9/12

Globalization and International Political Economy

Professor Stephen J. Kobrin

3201 Steinberg-Dietrich Hall

Course Canvas

Office Hours: Weds. 3-5 PM

Fall 2012

Room JMHH G-50

215 898-7732

[kobrins@wharton.upenn.edu](mailto:kobrins@wharton.upenn.edu)

<https://wharton.instructure.com/courses/587338>

---

## 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 the evolving multipolar world order makes multilateral cooperation more 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 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 informed citizens more generally, need 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 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 the rapidly evolving international political-economic system, 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, the rise of new powers 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 10-15 pages on a course-related topic of the student's choosing. (A summary paragraph is due by October 24th and an outline and bibliography is due by November 19th.) 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 (31%); Mid-term exam (25%); thought papers (24%); and the scenario exercise (20%).

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 Canvas <https://wharton.instructure.com/courses/587338>

If you are not a Wharton student and are enrolled in the course, you can access Canvas 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 2012  
(Dates subject to change)

1. (9/5) Introduction
2. (9/10) Lessons from History

**Reading**

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

**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?
4. What is Rachman's message?

3. (9/12) The International State System

**Reading**

P. Hirst and G. Thompson, "Globalization – A Necessary Myth?" (GTR)  
"Responsibility to Protect" (S.N)  
Failed States Index (2012)  
[http://www.foreignpolicy.com/failed\\_states\\_index\\_2012\\_interactive](http://www.foreignpolicy.com/failed_states_index_2012_interactive)

**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. Is Sovereignty "contingent" or "absolute?" What is the difference?
3. What is a failed state?
4. What are the essential characteristics of the international state system?

4. (9/17) The Transnational Transition

**Reading**

Jan Aart Scholte, "What is Global About Globalization" (GTR)  
D. Held, A. McGrew and D. Goldblatt, "Rethinking Globalization" (GTR)  
Khanna, "How to Run the World" (Canvas)

**Questions**

1. How do a global economy and an international economy differ?
2. What does Scholte mean by “deterritorialization?”
3. What does Khanna mean by a “post-modern Medieval age?”

5. (9/19) Space, borders and the state system

**Reading**

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

Florida, “The World is Spiky” (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. What does Friedman mean when he says the world is flat?
3. What does Florida mean when he says the world is spiky?
4. Who is right?

No class September 24<sup>th</sup>.

6. (9/26) Multilateralism and Multipolarity

**Reading**

R. Haass. “The Age of Nonpolarity” (S.N)

Peerenboom, “The Future of Law in a Multi-Polar World.” (S.N)

Stephens, “A Story of Brics without Mortar” (Canvas)

**Questions**

1. What is a multipolar or “nonpolar” world order? Why does it represent a significant change in the organization of international affairs?
2. Why is multilateral cooperation more difficult in a multipolar world?
3. What does Peerenboom mean by a “global New Deal?” Why does he feel it is necessary?

7. (10/1) Global Cities

**Reading**

Sassen, “Locating Cities on Global Circuits” (S.N)

**Questions**

1. What are the characteristics of a global city?
2. What role do cities play in the process of globalization?

## 8. (10/3) The Restructuring of International Production

### Reading

Dicken, "A New Geo-Economy" (GTR)

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

Fruhlinger, "Where Did I Come From? The Origin(s) of My MacBook Pro (Canvas)

Palmisano, "Multinationals Have Been Superseded" (S.N)

### Questions

1. Dicken talks about a new "global division of labor." What does that mean? What is new about it?
2. Where does the MacBook come from?
3. Boeing has been accused of transferring America's technological and competitive advantage abroad. Do you agree with that argument?
4. What is new about "the globally integrated enterprise?"

## 9. (10/8) The Backlash Against Interdependence

### Reading

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

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

"High Hopes for Jobs and Made in the USA" (Canvas)

Duhigg and Bradsher, "How U.S. Lost Out on iPhone Work" (Canvas)

"G.M. Plans to Develop Electric Cars with Chinese Automaker" (Canvas)

### Questions

1. What events, trends or conditions in the world today make you pessimistic about the ability to sustain globalization? What makes you optimistic?
2. Should official policy promote development of the manufacturing sector? Why or why not?
3. Is there any reason to object to G.M.'s plans for joint development of an electric car?

## 10. (10/10) Economic nationalism

### Reading

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

"The Long March of the Invisible Mr Ren" (S.N.)

"China and the U.S.: Access Denied" (Canvas)

Barboza, "As China Invests, U.S. Could Lose" (Canvas)

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. Has Huawei been treated fairly? Should they have been allowed to invest in the U.S.?
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?

#### 11. (10/15) Globalization and culture

##### **Reading**

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

J. Tomlinson, "Globalization and Cultural Identity" (GTR)

##### **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?

#### 12. (10/17) 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?

#### 13. (10/24) Governance in a transnational order

##### **Reading**

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

D. Rodrik, "Feasible Globalizations" (S.N)

Lamy, "Whither Globalization" (Canvas)

##### **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?

14. (10/29) Midterm Exam

15. (10/31) Scenario Preparation

### **Reading**

“What If...(Ch. 1-2)” (S.N)

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

16. (11/5) China and Alternatives to Liberal Capitalism?

### **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?

17. (11/7) Asymmetrical globalization and American Decline

Guest speaker: Clyde Prestowitz

### **Reading**

Prestowitz, “The Betrayal of American Security” (Canvas)

“G.E. to Share Jet Technology With China...” (Canvas)

18. (11/12) Scenario Presentations

19. (11/14) Apple in China

### **Reading**

“In China, Human Costs are Built into an iPad” (Canvas)

“Two Sides to Labor in China (Canvas)

Porter, “Dividends Emerge in Pressing Apple Over Working Conditions in China (Canvas)

“This American Life – Retraction of Mike Daisy’s Report on Foxconn.” Listen to start and then discussion after minute 40. <http://www.thisamericanlife.org/radio-archives/episode/460/retraction>



**Questions**

1. Is Apple responsible for the conditions in its suppliers' factories in China?
2. Is the criticism of Apple fair? Why or why not?
3. What standards should be used for judging appropriate treatment of workers in Chinese factories?
4. Do Apple's customers bear any responsibility for how workers who produce their iPhones and iPads are treated?

**20. (11/19) The Liberal International Order and Democracy****Reading**

R. Dahl, "Can International Organizations Be Democratic?" (GTR)  
Ikenberry, "The Future of the Liberal World Order" (S.N)

**Questions**

1. Do you agree with Dahl that international organizations cannot be democratic? Why or why not?
2. What is a liberal world order?
3. What are the impediments to its maintenance in a multipolar world?

**21. (11/21) Impact of the Internet****Reading**

"Google in China," HBS Case 9-510-071 (S.N)  
Akdeniz, "Yahoo Case Report" (S.N)  
Gleny, "Who Controls the Internet?" (S.N.)

**Questions**

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

**22. (11/26) Human rights and the multinational firm I****Reading**

Kobrin, "Oil and Politics: Talisman Energy in Sudan" (S.N)  
Compact, "Guidance on Responsible Business Practices in High Risk Areas" (Canvas)  
Dyer, "Beijing and Troubled Nations..." (Canvas)

**Questions**

1. Why did the NGOs target Talisman Energy? Were they right to do so?
2. Do you feel that Talisman complied with their responsibility to respect human rights in Sudan?
3. Why were the NGOs less successful with the Chinese oil firms?

4. Are the Chinese correct that the human rights issues are internal to Sudan and not an issue for the international community?

23. (11/28) Human rights and the multinational firm II

**Reading**

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

Ruggie, "Guiding Principles: Business and Human Rights (S.N)

**Questions**

1. What is the difference between a state's responsibility to protect human rights and the multinational firm's responsibility to respect those rights?
2. Do you believe that the "Guiding Principles" will effectively prevent human rights violations by multinational firms? Why or why not?
3. Should multinational firms be held responsible for human rights violations? If so how?

24. (12/3) 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 an 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?

26 (12/5) Course Wrap Up