

**INTERNATIONAL POLITICAL ECONOMY
QUALIFYING EXAMINATION
Department of International Studies
Fall 2014**

DO NOT PUT YOUR NAME OR STUDENT NUMBER ON YOUR EXAM

Instructions: Ph.D. students have eight (8) hours to complete the exam and must answer the mandatory and three (3) optional questions. M.A. students have four (4) hours and must answer the mandatory and two (2) optional questions. Note: you may answer only one question from any optional group. The exam will begin promptly at 9 am at the Sociology Computer Lab (Merrick Building Room 207). You must email your exam to Dr. Yaffe (l.yaffe@umiami.edu) immediately upon completion.

Mandatory Question

1. Critics from a variety of theoretical perspectives have raised serious questions about the direction of current trends in IPE. For example, Robert Keohane (2009), one of the field's central founding figures, recently professed himself "disheartened" by the "new IPE" that has taken over in mainstream journals. Do you agree with these criticisms? Why/why not? In your essay, be sure to discuss how the field of IPE has evolved since its inception in the 1970s and how the central theoretical debates have changed over time and across regions. How useful have mainstream IPE theoretical approaches and other, more heterodox approaches been in explaining and predicting recent developments in the international political economy (e.g., the global financial crisis, the problems in the European monetary union, and the rise of emerging powers in world politics)?

Optional Questions

Globalization

2. International and comparative political economy scholars tend to disagree about the extent to which globalization has undermined the ability of the state to compensate citizens for the adverse costs of increased economic interdependence. Some scholars argue that globalization has rendered national welfare policies unfeasible, resulting in a convergence of economic policies at the "neoliberal" bottom. Others challenge these views, emphasizing the important role of domestic political institutions in mediating the impact of global economic pressures on national policy choices. Write an essay summarizing the main theoretical arguments and empirical evidence put forward by the advocates of each perspective. Discuss the implications of this debate for both developed and developing countries. Be sure to carefully define your concepts, cite the relevant literature and provide specific examples.

OR

3. The literature on financial globalization emphasizes the structural constraints that increased capital mobility places on the economic policy autonomy of national governments. According to the "Capital Mobility Hypothesis," the ever-present threat of capital flight creates irresistible pressures for a convergence of national macroeconomic policies. By contrast, others argue that the discipline imposed on governments by capital mobility is much weaker than this literature

contends. Discuss and explain the most influential scholars and the main theoretical positions in this debate. In your opinion, which perspective provides a clearer picture of macroeconomic policy outcomes in developed and developing countries in the contemporary international financial system?

States and Markets

4. Since its inception, International Political Economy (IPE) has been centrally concerned with the interaction of states and markets in the context of increasing international interdependence. Discuss the evolution of scholarly views and perspectives regarding the role of the state in market societies and the ways in which these intellectual debates have influenced policy-making at the national and international levels since the end of the Second World War. To what extent and in what ways has the more recent global financial crisis altered the balance between states and markets? Some scholars have argued that the crisis highlighted the need for a recreated “embedded liberalism” compromise. Do you agree? In your answer, be sure to combine theoretical insights with detailed empirical and historical analysis.

Trade

5. Explain the concepts and the relation between them:
 - a. Heckscher-Ohlin – Stolper-Samuelson;
 - b. Trade diversion – trade creation
 - c. Purchasing Power Parity – Exchange rate conversion
 - d. Resource curse – Dutch disease

OR

6. A central debate in IPE focuses on the domestic political effects of international trade. Ronald Rogowski draws on the Heckscher-Olin and Stolper-Samuelson theorems to argue that domestic political cleavages regarding trade policy are class-based. According to him, in most countries, trade politics are shaped by the conflict between business and labor. An alternative approach challenges the factor mobility assumption in Rogowski’s model, claiming instead that international trade tends to divide societies along sectoral lines. Discuss the strengths and weaknesses of these two society-centered approaches to trade politics. How useful are these arguments in explaining contemporary trade politics in the United States, Europe, or Latin America? Can theories that focus on political institutions do better at explaining trade policymaking?

Global Economic Governance

7. In the aftermath of the Second World War the establishment of the Bretton Woods institutions has prompted considerable theoretical debate among scholars. Several theoretical approaches to explain the creation, maintenance and transformation of the post-war international economic regime have been proposed. Discuss these competing theoretical perspectives, citing the relevant literature and authors. Which approach or combination of approaches best explain(s) the evolution of global economic governance since 1971? How useful are these approaches in accounting for recent developments in international economic regimes, including the stalemate in multilateral trade negotiations in the WTO and the recent expansion of the G-7?

OR

8. It is commonly argued that globalization has generated or intensified a variety of collective action problems that can only be adequately addressed by global institutions and other means of global governance. Identify some such relevant collective action problems that you believe are a consequence of globalization, explain how governance could help solve the problems, and present the main obstacles for the implementation of such measures. Distinguish between public goods and common property resources.

Economic Growth and Development

9. The literature on long-term growth has been trying to establish a causal impact of domestic institutions on economic development. In an important paper Acemoglu, Johnson, and Robinson analyze the potential lasting impact of Europe's colonization on the development paths of former colonies. This and similar recent studies argue that the institutions of a society are the key determinant of long-term economic development and attempt to estimate the causal effect of current domestic institutions on per capita income. The finding of a strong correlation between institutions and performance however, could well be the result of the quality of institutions following the level of development (income) rather than development being the result of institutions. Acemoglu, Johnson, and Robinson argue that in colonies in which European mortality was high and settlement low, the colonizers did not have an incentive to establish strong property rights and instead established extractive rent-seeking institutions. They then use early European mortality rates as an instrument for institutions to unravel the causality. Explain the hypothesis and the procedure used.

OR

10. Write a brief essay about the determinants of long-term economic growth. In your essay refer to as many as you think relevant from the following list and illustrate with country references: capital fundamentalism; total factor productivity; secular stagnation; institutions; time preference; incentives; planning.