

**INTERNATIONAL POLITICAL ECONOMY
QUALIFYING EXAMINATION
Department of International Studies
Spring 2012**

DO NOT PUT YOUR NAME OR STUDENT NUMBER ON YOUR EXAM

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 (1) question from any optional group. The exam will begin promptly at 9 am on April 18, 2011, in Merrick Rm. 309.

Mandatory Question

1. Robert Gilpin's seminal *The Politics of International Economic Relations* (1987) is usually viewed as the first textbook of International Political Economy (IPE). In this work, Gilpin identified three rival perspectives or approaches to the study of IPE: Realism/Mercantilism, Liberalism, and Marxism. How relevant and applicable are these approaches to the study of IPE today, more than two decades later? Do you agree with claims that a "(Neo) Liberal" consensus seems to have emerged, particularly in the United States? Or would you say that Mark Blyth is correct to assert that there are now "multiple versions" of IPE and that there is scope for a "global conversation" among these different traditions?

Optional Questions

Globalization & the State

2. In one of her last books, the late Susan Strange observed that, while "... states were once the masters of markets, now it is the markets which, on many crucial issues, are the masters over the governments of states." According to this widely shared interpretation, global business interests, particularly mobile capital, have gained power at the expense of the welfare states and reformist politicians. Other IPE scholars contend that, on the contrary, that globalization has actually strengthened the relationship between social democratic forces and the political power of organized labor, on the one hand, and economic policies that reduce market-generated inequalities, on the other. In your view, which (if any) of these two interpretations is correct? Be sure to define your concepts carefully and to provide relevant examples of the state policies hypothesized to be affected by the globalization of markets.

Trade

3. Explain these concepts and the relationship between each pair:
 - Heckscher-Ohlin – Stolper-Samuelson
 - Trade diversion – trade creation
 - Infant industry protection- import substitution industrialization
 - Resource curse – Dutch disease
4. The past two decades have seen an impressive surge in the number of regional trade agreements (RTAs) in the international trading system. This proliferation of overlapping RTAs has given rise to substantial scholarly interest in both their sources and their consequences. Drawing on this work, discuss the main economic, political and security factors explaining the recent spread of this type of preferential trading arrangements. Discuss also the complex interrelationship between the emerging “spaghetti bowl” of RTAs and the multilateral trading system. Do RTAs complement or hamper multilateral trade liberalization? To what extent and in what ways have recent developments in the multilateral trading system contributed to the proliferation of regional trade institutions? In your answer, cite the relevant literature and provide specific examples.

Money & Finance

5. The creation of the Bretton Woods monetary regime in 1944 has been viewed as “history’s first example of a fully negotiated order intended to govern monetary relations among sovereign states.” Discuss the origins and main features of the Bretton Woods system and explain the confluence of factors contributing to the collapse of the gold convertibility and of the fixed exchange rate system in the early 1970s. How has global monetary governance and order evolved since then? According to some, what has evolved since the 1970s is “little more than a non-system bordering on anarchy if not chaos.” Do you agree? What are the main advantages and shortcomings of this non-system? How effective has the current framework of global monetary governance been in promoting international coordination and cooperation? Discuss in reference to recent events in the international monetary system, including the 2008 global financial meltdown, and recent problems in the European monetary union.
6. Media commentaries, think tank production, government declarations and, in an increasing number of examples, theoretical and conceptual literature have centered attention on the serious European financial crisis and its place in the world economy. Alarming predictions have developed a script including the default of Greece and the breakup of the eurozone and the demise of the European Union itself. None of these have materialized. Why? Summarize the series of events and their historical background, the current situation and the prospects of a resolution or worsening of the symptoms, connecting the economic factors with the political dimensions

Global Economic Governance

7. Realist, Liberal and Constructivist approaches provide competing explanations of the origins, maintenance, relevance and effectiveness of international economic institutions. Write an essay explaining the central arguments in this debate and citing the main scholars associated with each perspective. Do these approaches (individually and/or collectively) neglect the role of domestic political factors in international cooperation? If so, what are the implications of such neglect? In your answer, be sure to discuss the significance of recent developments in international economic governance such as the collapse of multilateral trade talks and the limited progress achieved by G20 nations in formulating a coordinated approach to deal with the global economic recession.
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.

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.
10. A central debate in the field of development has focused on aid effectiveness, that is, on the extent to which foreign aid dollars actually contribute to the goals of reducing poverty and promoting economic growth. Some scholars argue that foreign assistance is essential to help least developed countries escape their "poverty trap." In contrast, others have been highly skeptical of such solutions, pointing to the limited effectiveness of foreign aid programs in the past four decades. Write an essay explaining the main theoretical arguments put forward by those against and in favor of an expansion of foreign aid. Discuss the main empirical findings of recent research

on the effects of foreign aid and growth, and its implications for international policy debates. Be sure to cite the relevant literature and provide specific examples.

Poverty and Inequality

11. Evidence on inequality and poverty in the Third World suggests both encouraging and discouraging changes in recent decades. In the industrializing nations of Asia, inequality seems to have been reduced and poverty lessened, but in Latin America, there is evidence of persistent poverty and yet greater inequality. In Africa and in some parts of Asia, entire nations are now labeled, "failed states," experiencing deeper poverty with little hope of improvement. Why has this happened, and what solutions are proposed? What do you think is the path to ending poverty and/or creating more equal societies?