POL18: The politics of the international economy
2023-24

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CONTENT

This paper looks at modern politics in the context of the international economy. It considers the political opportunities and the political constraints that participation in different kinds of international economies create under changing geopolitical and energy conditions. It puts today's debates about the nature of the international economy and its implications for modern politics in a historical context. The paper develops an historical understanding of arguments about economic life and its relationship to geopolitics, government decisions in response to international economic issues, and the political reactions to those decisions. It uses this understanding to illuminate different aspects of the domestic and international politics of a wide range of modern nation-states today in a world going through a transformative energy transition.

LECTURES (Page numbers in this paper guide for reading for the matching supervision topics in parenthesis)

Michaelmas term

1. The origins of the industrial world economy and modern politics I (p. 3.)
2. The origins of the industrial world economy and modern politics II (p. 3)
3. The crises of the inter-war years (pp. 3-5)
4. The Bretton Woods order I (pp. 5-6)
5. The Bretton Woods order II (pp. 6-8)
6. The crisis of the 1970s 1: The collapse of the Bretton Woods order (pp 6-7)
7. The crisis of the 1970s 2: the energy crisis and the new geopolitical economic order (pp. 7-8)
8. The creation of the euro (p. 9)
9. The Chimerican international economic order (p. 9-10)
10 The 2007-8 Crash (pp. 10-11)
11. The euro zone crisis (pp. 11-12)
12. After the Crash: the political economy of debt in an age of QE (p. 12-13)
13. After the Crash: the political economy of democratic rebellion (p. 13-4)
14. The geopolitical economy of fossil fuel energy in the 21st century (pp. 14)
15. The geo-political economy of Russia’s return (pp. 14-15)
16 Uncoupling Chimerica: the US-China tech war (pp. 15)

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17 The energy transition: the new world of resource competition (p. 16)
18 The energy transition: the return of industrial policy, degrowth, and western democratic stability. (pp. 16-17)
19 Global financial hierarchy (pp. 17)
20 The Polycrisis? (pp. 17-18)

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21 Liberalisation and development (pp. 18-19)
22 Financialisation of development (pp. 20-21)
23 Resource nationalism and extractivism (p. 22)
24 Polycrisis and the global south (p. 23)

CLASSES

There will be four classes, one a week in weeks 5-8 of Lent term given by James Wood. Reading for the classes will be released at the start of Lent term.

1. The geopolitical economy of fossil fuel energy in the 21st century
2. The US-China Trade War
3. The Green Transition
4. Polycrisis

SUPERVISIONS

You are expected to write six essays for this paper.

You have about 4-5 days to write any supervision essay for this paper. You are expected to use this time and essays will be marked on the assumption that you have given this amount of time to each essay.

Essays should be at least 2000 words. There is no upper word limit.

Essays should be word-processed, double-spaced, paginated, and include a bibliography and references for citations and quotations. They should be proof read before you submit them.

Writing clearly, accurately and precisely is very important, and you cannot write a good essay without paying attention to these matters: remember, linguistic precision is a necessary condition of a clear and persuasive argument.

If you are having difficulty with punctuation or structuring sentences take a look at: http://owl.english.purdue.edu/owl/

Plagiarism is unacceptable and will not be tolerated. Students are expected to have read the Faculty’s statement on plagiarism.

READING AND ESSAY QUESTIONS

The reading marked • is the required reading for each topic and the reading beneath that is listed for those who may wish to read further. While the expectation is that as much as possible of the
required reading is done before the supervision in preparing the essay, any not done for the essay should be read in the vacations.

1-2 The origins of the industrial world economy and modern politics

- Vaclav Smil, *How the world really works: a scientist’s guide to our past present and future*, ch. 4 (From ‘globalization’s distant origins to ‘steam engines and telegraphs’.)


Essay: How far was the industrial world economy an imperial European creation?

3. The inter-war years crises

The inter-war international economic disorder


• Giovanni Arrighi, *The long twentieth century: money, power, and the origins of out times* (London: Verso, 2010), part iv, ‘The fourth (US) system of accumulation’

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Charles Feinstein, Peter Temen, and Gianni Toniolo, *The European economy between the wars* (Oxford: Oxford University Press, 1997), chs. 2, 3, 5, 6, 8, 10.


Liaquat Ahamed, ‘Currency wars then and now’ *Foreign Affairs*, March/April 2011 vol 90 no 2.


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The geo-economic origins of the Second World War


Adam Tooze, https://adamtooze.substack.com/p/chartbook-newsletter-25

**Essay:**
**EITHER** Why was it not possible to resurrect and sustain an open international economy after the First World War?

**OR** Why did the world economy generate such high-stakes geopolitical conflict during the inter-war years?

**4 and 5. The Bretton Woods order**

- Helen Thompson, *Might, right, prosperity and consent: representative democracy and the international economy* (Manchester: Manchester University Press, 2009), ch. 3.


**Essay:** How far did the post-war international economic order that emerged from 1948 depart from the one the Bretton Woods’ architects envisaged in 1944?

6. **The crisis of the 1970s 1: The collapse of Bretton Woods**

- Jeffry A. Frieden, *The fall and rise of global capitalism* (New York: W.W. Norton, 2006), ch.15


Essay: How far was the Bretton Woods system destroyed by its own contradictions?

7. **The crisis of the 1970s 2: the energy crisis and the new geopolitical economic order**


Matthew Connelly, ‘Future shock; the end of the world as they knew it' in *The shock of the global: the 1970s in perspective* edited by Niall Ferguson, Charles S. Maier, Erez Manela, Daniel J. Sargent


*The domestic politics of US energy decline*


*The limits to growth debate*


Francis Sandbach, ‘The rise and fall of the limits to growth debate’, *Social Studies of Science*, 1978, vol 8 no 4, pp. 495-520.


**Essay: Why were the energy upheavals of the 1970s so geopolitically and economically disruptive?**

8. **The creation of the euro**


**Essay: Was the EU’s monetary union always the likely outcome of the breakdown of the Bretton woods order?**

### 9. The Chimeric international economic order


Helen Thompson, China and the Mortgaging of America (London: Palgrave, 2010).


**Essay: How far was the Chimerica international economic order of the 2000s inherently unstable?**

**10 The 2007-8 financial crash**


Helen Thompson, Disorder: Hard times in the 21st century (Oxford: Oxford University Press), ch 5.


Carmen Rinehart & Nouriel Roubini (eds.) This time is different: eight centuries of financial folly (Princeton: Princeton University Press).

Philippe Legrain, Aftershock: reshaping the world economy after the crisis (Little Brown, 2010).


Essay: How far was the 2007-8 financial crash a crisis of financial liberalisation?

11. The 2009-2012 euro zone crisis


Adam Tooze, Germany’s unsustainable growth: austerity now, stagnation later” *Foreign Affairs* Aug/Sep 2012.


Paul Krugman, End this depression now (New York: W.W. Norton 2012), ch. 10.


Greece

Vassilis Fouskas and Constantine Dimoulas, Greece, financialisation and the EU: the political economy of debt and destruction (Basingstoke: Palgrave Macmillan 2013).


Matthew Lyn, Bust: Greece, the euro and the sovereign debt crisis (Hoboken: John Wiley and son, 2010).

Michael Mitsopoulos and Theodore Pelagidis, Understanding the crisis in Greece: from boom to bust (Basingstoke: Palgrave 2011).

Jason Manolopoulos, Greece’s odious debt: the looting of the Hellenic republic by the euro, the political elite and the investment community (London: Anthem Press, 2011)


Essay: How far was the 2009-12 euro-zone crisis generated by the structural foundations of the euro-zone?

12. After the Crash: the political economy of debt in an age of QE

• Adam Tooze, Crashed: how a decade of financial crises changed the world (London: Penguin Random House, part IV.


**Essay: What were the political consequences of the post-2008 turn to quantitative easing?**

**13 After the Crash The political economy of democratic political rebellion**


• Matthew Klein and Michael Pettis, *Trade wars are class wars: How rising inequality distorts the global economy and threatens international peace.* (New Haven: Yale University Press, 2020)

• Mark Blyth, (2016) Global Trumpism: Why Trump’s victory was 30 years in the making and why it won’t stop here. *Foreign Affairs.*


• Gary Gerstle, *The rise and fall of the neo-liberal order: America and the world in the free market era* (New York: Oxford University Press), chs 7-8


**Essay: What economically explains the democratic disruptions of the 2010s?**

**14. The geopolitical economy of fossil fuel energy 2001-**
• Daniel Yergin, The quest: energy, security, and the remaking of the modern world (Harmondsworth: Penguin, 2012), parts I and II.
• The Oxford Institute for Energy Studies, ‘The geopolitics of energy: out with the old, in with the new?’ February 2021 Issue no 126

Jeff D. Colgan, Partial hegemony: oil politics and the international order (Oxford; Oxford University Press 2021).
Helen Thompson, Oil and the Western economic crisis (London: Palgrave 2017).
Pavel K. Baev, The south stream versus Nabucco pipeline race:; political and economic (ir)rationalities and political stakes in mega-projects,’ International Affairs, 86 (5), 2010, 1075-1190;
Steve Levine, Oil and glory: The pursuit of empire and fortune on the Caspian Sea (New York: Random House 2007).

Essay: What do the post-2001 fossil-fuel energy shocks explain about the present geopolitical and economic world?

15. The geo-political economy of Russia’s return

• Daniel Yergin, The new map: energy, climate, and the clash of nations (London: Allen Lane, 2020), chs. 9-16
• Richard Sakwa, Russia against the rest: the post-cold war crisis of the world order (Cambridge: Cambridge University Press), chs 1-2, 5, 8, 10, 11 and conclusion.
• Per Hogelius, Red Gas: Russia and the origins of European energy dependence (New York: Palgrave Macmillan 2013), ch. 11.
• Margarita M. Balmaceda, Russian energy chains: The remaking of technopolitics from Siberia to Ukraine to the European Union (New York: Columbia University Press, 2021), ch 1.
• Margarita Balcameda et al, ‘Winning Europe’s energy war with Russia’ https://cepa.org/comprehensive-reports/winning-europes-energy-war-with-russia/


Andrey Krickovic, ‘Imperial nostalgia or prudent geopolitics? Russia’s efforts to reintegrate the post-Soviet space in geopolitical perspective,’ Post-Soviet Affairs, vol. 30, no. 6, 2014, pp. 513-528.


Eric Pardo Sauvageot ‘Between Russia as producer and Ukraine as a transit country: EU dilemma of interdependence and energy security,’ Energy Policy 2020 vol 145, October.


Hilary Appel, 'Is it Putin or is it oil?’ Post-Soviet Affairs vol. 24, no. 4, 2008, pp. 301–323.

Pavel Baev, Russian energy policy and military power: Putin’s quest for greatness, (London: Routledge, 2009)


Essay: What does Russia’s energy power explain about the post-2001 geopolitical and geoeconomic world?

16 Uncoupling Chimerica: the US-China Tech War


• Elizabeth Economy, The third revolution: Xi Jinping and the new Chinese state (Oxford: Oxford University Press, 2018), chs 1, 7 and 8.

• Chris Miller, Chip War: The fight for the world’s most critical technology (London; Simon and Schuster 2022), parts VII, VIII, and conclusion.

• Adam Tooze, Shutdown, (London: Penguin 2021), ch. 10.

• George Magnus, Red Flags: Why Xi’s China is in jeopardy (New Haven: Yale University Press, 2018), chs. 8-10.


Elizabeth Economy, The world according to China (Cambridge: Polity 2021), chs. 2, 6 and 7


Essay: What does the present US-China economic conflict reveal about the relationship between economic interdependence and geopolitics?

17 The energy transition: the new world of resource competition?


• Jason Bordoff and Meghan L. O’Sullivan,’The age of energy insecurity: how the fight for resources is upending geopolitics, Foreign Affairs, May/June 2023.

• Guillaume Pitron and Bianca Jacobsohn *The rare metals war: The dark side of clean energy and digital technologies* (London: Scribe UK).

Helen Thompson, ‘The geopolitical fight to come over green energy,’ https://engelsbergideas.com/essays/the-geopolitical-fight-to-come-over-green-energy/
Tim Marshall, *The future of geography: how power and politics in space will change our world*, part 3.

**Essay: How far will the energy transition reconfigure the existing international economic order?**

18 The energy transition: the return of industrial policy, degrowth, and western democratic stability

• Helen Thompson, *Disorder: Hard Times in the 21st century* (Oxford: Oxford University Press, 2022), conclusion
• John Barry (2020) A genealogy of economic growth as ideology and Cold War core state imperative, *New Political Economy*, 25:1, 18-29,

Essay: Can the energy transition drive sustainable economic growth?

19. Global Financial Hierarchy

• Adam Tooze, Crashed: How a decade of financial crises changed the world,(London: Allen Lane, 2021), 8 and 21

• Adam Tooze, Shutdown: How Covid shook the world’s economy (London: Allen Lane, 2021), part II.


Hyun Song Shin Globalisation: real and financial, Presentation on the BIS Annual Report https://www.bis.org/speeches/sp170625b.htm

Eric Helleiner and Jonathan Kirshner (eds.) The great wall of money: power and politics in China’s international monetary relations (Ithaca: Cornell University Press, 2014), chs. 7 and 8.


Svein Haarald Oygard, In the combat zone of finance (LID publishing 2020).


Essay: Why is American monetary power proving so intractable?

20. Polycrisis?

• Adam Tooze, Shutdown: How Covid shook the world’s economy (London: Allen Lane, 2021), introduction and ch. 14.

• Adam Tooze ‘Welcome to the world of the polycrisis’ https://www.ft.com/content/4983993e-11b1-494b-9cd3-6d669dc3de33


• Vaclav Smil, How the world really works: a scientist’s guide to our past present and future (London: Viking, 2022), ch, 7


• B. Milanovic, Capitalism, alone: the future of the system that rules the world (Harvard University Press, 2019), ch. 5
• Michael Lawrence et al, ‘What is a global polycrisis?’ Cascade Institute, September 2022

Daniel Dresner ‘Are we heading towards a “polycrisis?”’ Vox, 28 January 2023
Craig Berry, ‘We do not yet know what the polycrisis is’. https://craigberry.substack.com/p/we-do-not-yet-know-what-the-polycrisis

Essay: If there is a polycrisis, does it have a hierarchy of causes?

21: Liberalisation and development

Main Readings


Additional readings


Essay question: how has economic liberalisation affected the policy space for economic and for social development in the Global South?
22. Financialisation of development

Main Readings


Additional readings


Essay question:

how does financialisation constrain and enable development strategies?
OR

how and why is financialisation different in the Global South?
23 Resource nationalism and extractivism

Main Readings


Additional readings


Baumann, H 2019. The transformation of Saudi Arabia’s rentier state and ‘the international’. *Globalizations*, 16(7), 1165-1183.


Grant, JA, Ovadia, JS and Andrews, N, eds., 2022. *Natural Resource-Based Development in Africa: Panacea or Pandora’s Box?* Toronto: University of Toronto Press.


Essay question: to what extent can resource nationalism be the basis of a successful development strategy?
24. Polycrisis and the Global South?

Main Readings (also, see readings for previous session on polycrisis)


Additional readings


Essay question: if there is a polycrisis, how are its dynamics reshaping global hierarchies and conditions in the Global South?

ASSESSMENT

This paper is by examination only. Note that all the topics set out above not all will appear on any one year’s exam paper and some questions can be either/or.

Sample Exam Paper

Candidates must answer three questions.
(There will not be a question on every topic and some topics that cross-over with each other may be covered by either/or questions.)

1. Did European institutional innovations play any significant part in the rise of the West?
2. Why did it prove so difficult to reconcile democratic politics with an open international economy during the inter-war years?
3. Why did the United States sponsor the Bretton Woods agreement?
4. How far does American domestic politics explain the end of Bretton Woods?
5. Was the 1970s economic crisis primarily an energy crisis?
6. EITHER On what geopolitically did Chimerica depend?

OR Why has technology become so central to US-Sino economic rivalry?
7. What has been the economic and political impact of Russia’s return as a great power?
8. EITHER How far did the origins of the euro-zone lie in the nature of the post-Bretton Woods international economy?
   OR How far was the euro-zone crisis of 2010-12 a banking crisis?
9. Were the causes of the financial crisis of 2007-8 political?
10. Why did fossil-fuel energy become a systemic source of economic and such geopolitical and economic disruption from the mid-2000s?
11. Why did the 2008 economic crash fuel such democratic discontent in Western countries?
12. How did QE transform the politics of debt?
13. EITHER Is the energy transition recreating imperial economic exchange?
   OR Does extractivism necessarily lead to resource nationalism in the modern world?
14. Can there be “green” growth?
15. Why has the dollar proved a resilient international reserve currency?
16. What, if anything, does the concept of the “polycrisis” usefully explain?
17. Was there a liberal path to development for non-Western countries?
18. What have been the political consequences for the Global South of globalisation?