

Gov 1780: International Political Economy

Section 4
18 Feb 2021

A (very high-level) summary of the readings...

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Author	Topic	Interests	Interactions	Institutions
<i>Rogowski</i>	Domestic trade coalitions			
<i>Frieden</i>	Rebalancing			
<i>Krasner</i>	State power			
<i>Davis</i>	International Institutions			
<i>Sokoloff & Engerman</i>	Paths of Development			

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<i>Frieden</i>	Rebalancing	✓	✓	
<i>Krasner</i>	State power	✓	✓	
<i>Davis</i>	International Institutions			✓
<i>Sokoloff & Engerman</i>	Paths of Development	✓		✓

Hegemonic stability theory

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- **1815-1914**
- **1914-1944**
- **1945-1970s**

Hegemonic stability theory

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- 1815-1914: The “Pax Britannica” — ONE HEGEMON
- 1914-1944: WWI, The Great Depression, WWII — NO HEGEMON
- 1945-1970s: The “Pax Americana” — ONE HEGEMON

Hegemonic stability theory

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What is the *mechanism* behind this theory? How does the presence of a hegemon actually create international stability?

Let's think through an example...

OPEC

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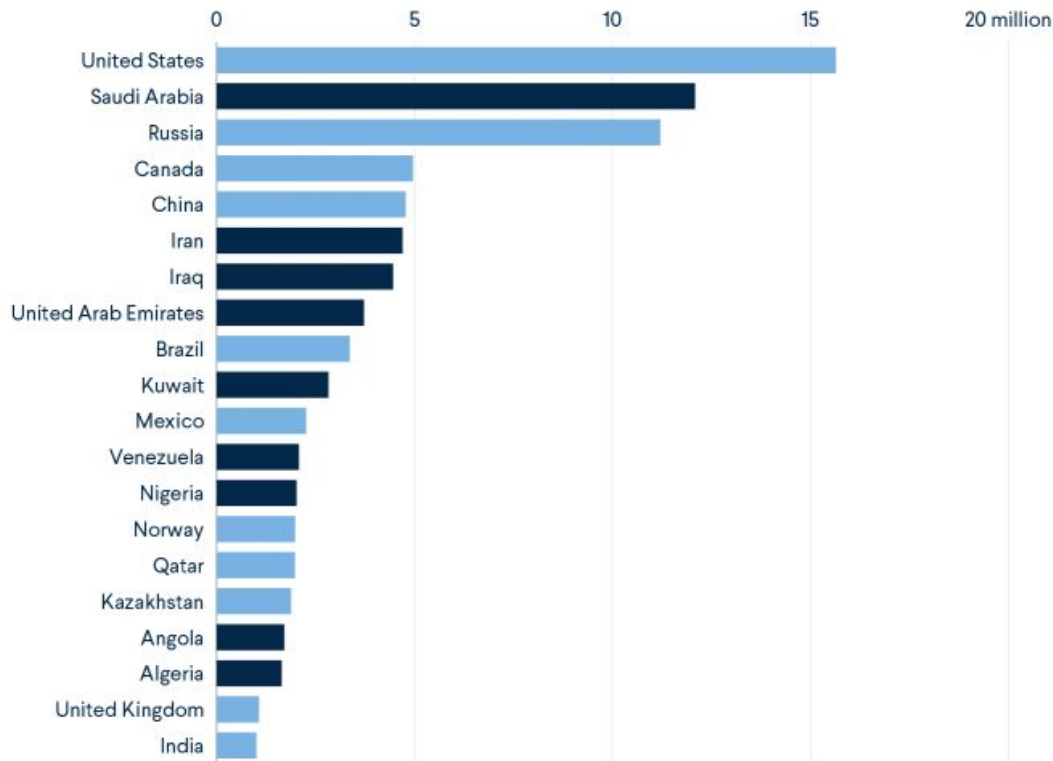
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OPEC

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Largest Producers of Petroleum and Other Liquids, 2017 (barrels per day)

● OPEC members ● Non-OPEC



Note: "Other liquids" includes biodiesel, ethanol, and additional liquids produced from coal, gas, and oil shale.
"OPEC members" refers to 2019 member states.

Sources: U.S. Energy Information Administration.

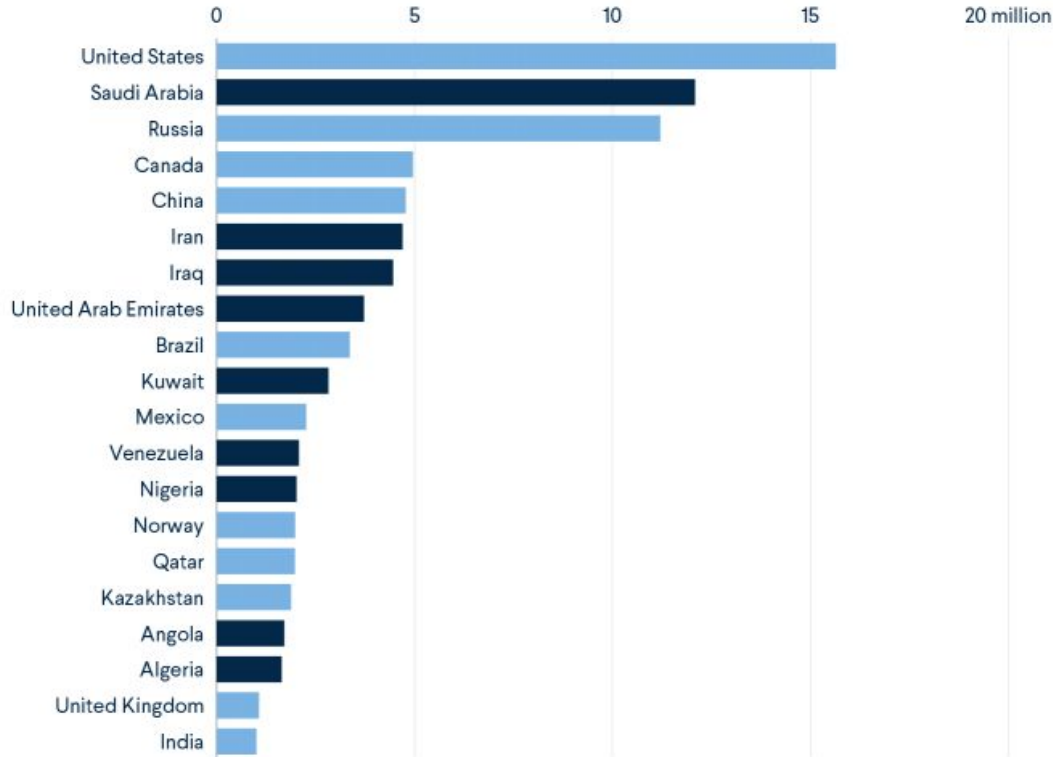
OPEC

Who is the hegemonic power within OPEC, the cartel of oil-producing countries? **Saudi Arabia**

How does Saudi Arabia maintain stability in the oil market?

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OPEC

Who is the hegemonic power within OPEC, the cartel of oil-producing countries?

Saudi Arabia

How does Saudia Arabia maintain stability in the oil market?

- Threatening/cajoling other countries to not oversupply
- Cutting its own supply to maintain stability

Markets

Saudi Arabia Lays Down the Law to the Oil Market

Calling out OPEC's laggards may help rescue the group's reputation.

By Julian Lee

7 June 2020, 01:00 GMT-4

Saudi Arabia Will Cut Its Oil Production, Allowing Russia's to Grow

Oil prices rose to levels not seen since February. The two major oil producers had been moving in lock step since an April agreement to cut output.

Jan 5 2021

Hegemonic stability theory

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What is the *mechanism* behind this theory? How does the presence of a hegemon actually create international stability?

1. Enforcing the rules

- i.e., acting as “the global policeman”

2. Unilaterally bearing the costs of stability

- hence the term “benevolent hegemon”

Breakout rooms

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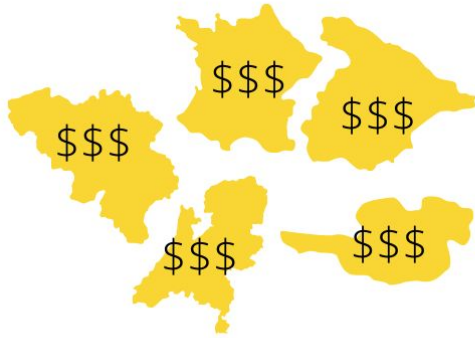
There were a LOT of readings last week... so let's divide and conquer!

Complete the activities and we'll come back as a group to discuss.

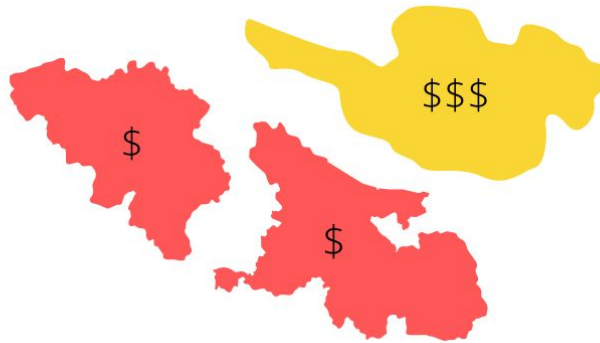
- Group 1: Krasner
- Group 2: Rogowski; Frieden
- Group 3: Davis; Sokoloff & Engerman

Group 1: What does Krasner predict?

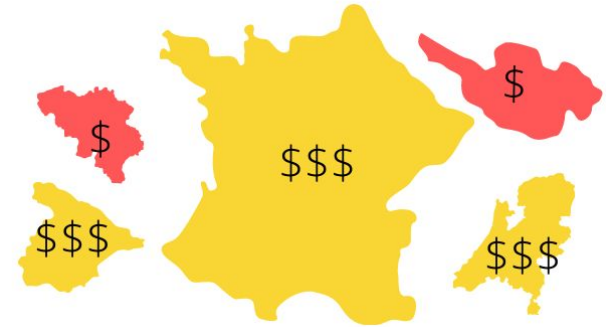
A: Many small,
highly-developed states



B: A few large,
unequally-developed states



C: Hegemonic system



Outcome:

Outcome:

Outcome:

Group 1: Assessing hegemonic stability theory (HST)

Period I (1820-1879):
Increasing openness

Period II (1879-1900):
Modest closure

Period III (1900-1913):
Greater openness

Period IV (1918-1939):
Closure

Period V (1945-1960):
Great openness

Period VI (1960-present):
Continued openness

Supports HST

Does not support HST

Group 1: Krasner's amended HST

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How does Krasner “amend” Hegemonic Stability Theory? What would this amended theory predict for international openness given the rise of China?

Explain with reference to interests, interactions, and institutions.

Group 2: Rogowski

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1. Who are the winners and losers of trade, according to the Stolper-Samuelson theorem?
2. What are the three factors, and how does Rogowski simplify the model?
3. What does it mean for a country to have a relative *abundance* of a given factor?
4. What assumptions does Rogowski make to go from *interests* to *outcomes*? Are they plausible?

Group 2: Frieden

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1. What does “adjustment” entail for deficit countries? What about surplus countries?
2. In creditor/debtor bargaining, which factors makes a party’s bargaining position strong or weak?
3. In the Eurozone crisis, why did taxpayers end up bearing so much of the cost of adjustment?
4. Frieden notes that adjustment crises are often drawn-out and disruptive. How could institutions help to resolve these crises more quickly?

Group 3: Davis

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1. What is “issue linkage”? [*Can you think of an example of issue linkage in your own life?*]
2. What does it mean for a linkage to be “institutionalized”? Why would institutionalized linkages make agriculture liberalization more likely?
3. Why do Japan and the EU give such high levels of protection to agriculture?
4. How might Brexit impact the EU’s Common Agricultural Policy?

Group 3: Sokoloff & Engerman

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There are two causal claims made by Sokoloff & Engerman. What kind of evidence do they provide for each link? Which (if either) do you find more convincing?