

Seminar in International Political Economy

PLSC 661A

Fall 2008

F 9:40-12:40, EBQ 3

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Office hours: W 1:00-4:00, in LNG-58, and by appointment

The purpose of this seminar is to introduce graduate students to the subfield of international political economy. Research in this area focuses on the interaction between the choices of international political actors and cross-border flows of goods and capital. Political decisions have important effects on international economic relations, and vice versa. As political scientists, we will focus mainly on the influence of economic considerations on policy choice rather than on economic outcomes. Much of the research in the field focuses on foreign economic policy decisions, but many other policies are also powerfully affected by the same considerations.

This is an advanced graduate seminar. All students should have taken the core graduate seminar on international relations, or its equivalent, and have basic familiarity with quantitative research methods used in political science research. Some knowledge of international economics is also desirable. To the extent that your background in this area is weak, you should consult a basic textbook on international economics or international political economy, such as Joan Spero and Jeffrey Hart's *The Politics of International Economic Relations*, which I have ordered through the bookstore.

Course Materials

Most of the reading for this class consists of journal articles and book chapters. All of these materials will be available online in electronic form. Most are available from databases maintained by the library, such as J-STOR or Ingenta. (If you are not sure how to use these databases, it is definitely time to learn!) Those not available from these sources will be posted online at the Blackboard page for this class in PDF format.

We will read only two books in their entirety. These will be available for purchase at the University bookstore. You can also buy them online, which might be cheaper. They are:

Tomz, Michael. 2007. *Reputation and International Cooperation*. Princeton: Princeton University Press.

Polanyi, Karl. 2001 [1944]. *The Great Transformation*. Boston: Beacon Press.

Course Requirements

1. Attendance and participation. Attendance and participation are critically important. Graduate seminars simply do not work if the participants are not prepared to discuss the reading. Moreover, the ability to discuss research intelligently forms a major part of academic life. It is an indispensable skill, and one that improves with practice. Attendance and participation will count for 25 percent of your final grade.

2. Short papers. Each student will write three short papers during the semester. Each paper should identify a research question related to the reading for one week, and set out a research design for answering it. You may write a paper about any week you choose, and you may submit

more than one paper for a particular week if you have more than one research idea. The papers are due at the beginning of the seminar meeting for that week. The paper should do the following: (1) state a research question related to that week's reading, explaining why it is important; (2) briefly discuss at least one theoretical argument that might help answer this question; (3) set out one or more observable implications of the theoretical argument(s); (4) explain how you could test these implications; and (5) explain how you could gather the information needed for these empirical tests. Although the precise length of these papers is not particularly important, 3-6 pages is a good target zone. Each of these papers will count for 5 percent of your final grade.

3. Term Paper or Take-Home Final Exam. Students may complete the course by either by submitting a term paper or by taking a final exam. Both the final exam and the paper are due by 5:00pm on Monday, December 15th.

3a. Term Paper Option. The research paper should be appropriate for presentation to a professional conference. In the case of especially ambitious topics, the paper may be more a plan for future research than a presentation of actual results. (Such papers are often presented at professional conferences, so these two criteria are not actually in conflict with one another.) The paper may deal with any subject related to the course. You should select your topic and write a brief prospectus by the October 31st class meeting. The prospectus should follow the format set out for the short papers. If you choose to work on one of the topics you selected for a short paper, you may use one of them as your prospectus. As with the short papers, the length is not a very important issue, but 20-30 pages is a reasonable target. The prospectus will count for 5 percent of your course grade. The paper will count for 55 percent of the course grade.

3b. Final Exam Option. The final exam will consist of two essays written in response to a set of questions available after the final class meeting on December 12th. You may consult any sources you like to complete, subject to the usual restrictions against plagiarism. The final exam will count for 60 percent of your final grade.

Course Schedule and Readings

The readings for each week are listed in alphabetical order. Some deal with the same question and speak directly to one another, while others focus on somewhat different issues. For your convenience, I will discuss the way the next set of readings can be grouped together at the end of each class meeting. The reading list for each week may be changed during the course of the semester.

August 29: Introduction

IMPORTANT NOTE: Our brief introductory meeting will be held on Monday, August 25th, in the political science experimental lab, LNG-75. There will be no meeting on August 29th.

September 5: A Classic Account of the International Economic System

Polanyi, Karl. 2001 [1944]. *The Great Transformation*. Boston: Beacon Press. [entire]

September 12: The Domestic Politics of Trade I: Societal Demands for Protection or Liberalization

Baker, Andy. 2005. "Who Wants to Globalize? Consumer Tastes and Labor Markets in a Theory of Trade Policy Beliefs." *American Journal of Political Science* 49 (4): 924-38.

Hainmueller, Jens, and Michael J. Hiscox. 2006. "Learning to Love Globalization: Education and Individual Attitudes Toward International Trade." *International Organization* 60 (2): 469-98.

Hiscox, Michael J. 2001. "Class Versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade." *International Organization* 55 (1): 1-46.

Magee, Stephen P., William A. Brock, and Leslie Young. 1989. "Three Simple Tests of the Stolper-Samuelson Theorem." In Magee, Brock, and Young, *Black Hole Tariffs, and Endogenous Policy Theory*. New York: Cambridge University Press. 101-10.

Rogowski, Ronald. 1987. "Political Cleavages and Changing Exposure to Trade." *American Political Science Review* 81(4): 1121-37.

Scheve, Kenneth F., and Matthew J. Slaughter. 2001. "What Determines Individual Trade-Policy Preferences?" *Journal of International Economics* 54 (2): 267-92.

September 19: The Domestic Politics of Trade II: From Societal Demands to State Policy

Busch, Marc L., and Eric Reinhardt. 1999. "Industrial Location and Protection: The Political and Economic Geography of U.S. Nontariff Barriers." *American Journal of Political Science* 43 (4): 1028-50.

Hiscox, Michael J. 1999. "The Magic Bullet? The RTAA, Institutional Reform, and Trade Liberalization." *International Organization* 53 (4): 669-698.

Irwin, Douglas A., and Randall S. Kroszner. 1999. "Interests, Institutions, and Ideology in Securing Policy Change: The Republican Conversion to Trade Liberalization After Smoot-Hawley." *Journal of Law and Economics* 42: 643-73.

Lake, David A. 1988. "The State and American Trade Strategy in the Pre-Hegemonic Era." *International Organization* 42 (1): 33-58.

Weingast, Barry R., Judith Goldstein, and Michael A. Bailey. 1997. "The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade." *World Politics* 49 (3): 309-338.

September 26: The International Politics of Trade I: Hegemony and Systemic Openness

Alt, James E., Randall L. Calvert, and Brian D. Humes. 1988. "Reputation and Hegemonic Stability: A Game-Theoretic Analysis." *American Political Science Review* 82 (2): 445-466.

Gallagher, John A., and Ronald E. Robinson. 1953. "The Imperialism of Free Trade." *Economic History Review*, 2nd series, 6 (1): 1-15.

Kindleberger, Charles P. 1986 [1973]. *The World in Depression*, revised and enlarged edition. Berkeley: University of California Press. Chapter 14.

Krasner, Stephen D. 1976. "State Power and the Structure of International Trade." *World Politics* 28 (3): 317-347.

Mansfield, Edward D. 1992. "The Concentration of Capabilities and International Trade." *International Organization* 46 (3): 731-764.

McKeown, Timothy J. 1983. "Hegemonic Stability Theory and 19th Century Tariff Levels in Europe." *International Organization* 37 (1): 73-91.

McKeown, Timothy J. 1986. "The Limitations of 'Structural' Theories of Commercial Policy." *International Organization* 40 (1): 43-64.

October 3: The International Politics of Trade I: Multilateral Institutions

- Goldstein, Judith L., Douglas Rivers, and Michael Tomz. 2007. "Institutions in International Relations: Understanding the Effects of the GATT and the WTO on World Trade." *International Organization* 61 (1): 37-67.
- Gowa, Joanne, and Edward D. Mansfield. 2004. "Alliances, Imperfect Markets, and Major Power Trade." *International Organization* 58 (4): 775-805.
- Haggard, Stephan, and Beth Simmons. 1987. "Theories of International Regimes." *International Organization* 41 (3): 491-517.
- Martin, Lisa L. 1992. "Interests, Power, and Multilateralism." *International Organization* 46 (4): 765-792.
- Rose, Andrew K. 2004. "Do We Really Know that the WTO Increases Trade?" *American Economic Review* 94 (1): 98-114.

October 10: No class—University holiday

October 17: Trade and Other Political Outcomes

- Fordham, Benjamin O. 2008. "Economic Interests and Public Support for American Global Activism." *International Organization* 62 (1): 163-82.
- Hafner-Burton, Emilie M. 2005. "Trading Human Rights: How Preferential Trade Agreements Influence Government Repression." *International Organization* 59 (3): 593-629.
- Milner, Helen V., with Keiko Kubota. 2005. "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries." *International Organization* 59 (1): 107-43.
- Rudra, Nita. 2002. "Globalization and the Decline of the Welfare State in Less-Developed Countries." *International Organization* 56 (2): 411-445.
- Wibbels, Erik. 2006. "Dependency Revisited: International Markets, Business Cycles, and Social Spending in the Developing World." *International Organization* 60 (2): 433-68.

October 24: No class—Peace Science Society annual meeting

October 31: Sovereign Debt Prospectus for term paper due

- Tomz, Michael. 2007. *Reputation and International Cooperation*. Princeton: Princeton University Press. [entire]

November 7: Exchange Rate Regimes

- Bernhard, William, and David Leblang. 1999. "Democratic Institutions and Exchange-Rate Commitments." *International Organization* 53 (1): 71-97.
- Broz, J. Lawrence. 2002. "Political System Transparency and Monetary Commitment Regimes." *International Organization* 56 (4): 861-887.
- Leblang, David, and Shanker Satyanath. 2006. "Institutions, Expectations, and Currency Crises." *International Organization* 60 (1): 245-262.
- Meissner, Christopher M. 2005. "A new world order: explaining the international diffusion of the gold standard, 1870–1913." *Journal of International Economics* 66 (2): 385-406.

Simmons, Beth A. 1996. "Rulers of the Game: Central Bank Independence during the Interwar Years." *International Organization* 50 (3): 407-43.

November 14: Capital Mobility and Economic Policy

Bearce, David H. 2003. "Societal Preferences, Partisan Agents, and Monetary Policy Outcomes." *International Organization* 57 (2): 373-410.

Clark, William Roberts, and Mark Hallerberg. 2000. "Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy." *American Political Science Review* 94 (2): 323-46.

Frieden, Jeffry A. 1991. "Invested Interests: The Politics of National Economic Policies in a World of Global Finance." *International Organization* 45 (4): 425-51.

Garrett, Geoffrey. 1995. "Capital Mobility, Trade, and the Domestic Politics of Economic Policy." *International Organization* 49 (4): 657-687.

Scheve, Kenneth, and Matthew J. Slaughter. 2004. "Economic Insecurity and the Globalization of Production." *American Journal of Political Science* 48 (4): 662-674.

November 21: The IMF and International Financial Institutions

Nooruddin, Irfan, and Joel W. Simmons. 2006. "The Politics of Hard Choices: IMF Programs and Government Spending." *International Organization* 60 (4): 1001-33.

Przeworski, Adam and James Raymond Vreeland. 2000. "The Effect of IMF Programs on Economic Growth." *Journal of Development Economics* 62 (2): 385-421.

Randall Stone. 2004. "The Political Economy of IMF Lending in Africa." *American Political Science Review* 98 (4): 577-91.

Simmons, Beth A. 2000. "International Law and State Behavior: Commitment and Compliance in International Monetary Affairs." *American Political Science Review* 94 (4): 819-35.

Thacker, Strom Cronan. 1999. "The High Politics of IMF Lending." *World Politics* 52 (1): 38-75.

November 28: No class—University holiday

December 5: Foreign Direct Investment

Frieden, Jeffry A. 1994. "International investment and colonial control: a new interpretation." *International Organization* 48 (4): 559-594.

Jensen, Nathan M. 2003. "Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment." *International Organization* 57 (3): 587-616.

Jensen, Nathan M., and Guillermo Rosas. 2007. "Foreign Direct Investment and Income Inequality in Mexico, 1990-2000." *International Organization* 61 (3): 467-87.

Li, Quan, and Adam Resnick. 2003. "Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries." *International Organization* 57 (1): 175-211.

Reuveny, Rafael, and Quan Li. 2003. "Economic Openness, Democracy, and Income Inequality." *Comparative Political Studies* 36 (5): 575-601.

December 12: Foreign Aid

- Alesina, Alberto, and David Dollar. 2000. "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth* 5 (1): 33-63. [1998 working paper version from NBER is available online even though published version is not.]
- Bueno de Mesquita, Bruce, and Alastair Smith. 2007. "Foreign Aid and Policy Concessions." *Journal of Conflict Resolution* 51 (2): 251-84.
- Burnside, Craig, and David Dollar. 2000. "Aid, Policies, and Growth." *American Economic Review* 90 (4): 847-68.
- Easterly, William, Ross A. Levine, and David Roodman. 2004. "Aid, Policies, and Growth: Comment." *American Economic Review* 94 (3): 774-780. See also response by Burnside and Dollar in the same issue.
- Schraeder, Peter J., Steven W. Hook, and Bruce Taylor. 1998. "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows." *World Politics* 50 (2): 294-323.