

PS 9430: International Political Economy

Tuesdays, 3:00 p.m. - 5:30 p.m.

Professional Building 104

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Office Hours: Tuesday 1:00-3:00 pm

This graduate seminar focuses on the recent research in the field of international political economy. Substantive issues include international trade, foreign direct investment, foreign aid, capital mobility, exchange rate, monetary policy, and development. The theoretical framework emphasizes how the interactions of preferences of actors (voters, interest groups, parties, politicians, national governments) and institutions at domestic and international levels affect economic transactions and policy outcomes. Readings are selected from political science, economics, and international business, with an emphasis on work that reflects the cutting edge research (questions, theories, and empirics) in the fast changing IPE field.

Course Requirements:

- **15%** Participation. Students are expected to complete each week's readings before class and to answer questions on each reading in terms of the research question(s), cause, effect, theoretical argument, empirical design, key findings, how the reading fits into the literature and contributes to the IPE scholarship, and important weaknesses left for future research. Each student is evaluated based on the amount and quality of participation. In addition, students are expected to submit three to four questions about the materials by 6pm on Mondays.
- **25%** Seminar Leader. One or two students will be assigned to lead each week's seminar. Seminar leaders will need to discuss the major research questions raised by the readings, the major theses of the authors, and their findings. The works of individual authors should be evaluated with respect to logic and cogency of argument, method, and evidence. The discussant is also responsible for providing an overview of the literature covered that week, raising topics for further discussion, and, if relevant, relating that week's readings to those of earlier weeks.
- **30%** Five short critique papers. Each student is to complete five short critique papers. For the short paper, a student may choose to cover one or several readings from a week. Regardless of this choice, the student should clearly identify the research question(s), the cause, the effect, theoretical argument, empirical design, and findings, and more importantly, critique the reading(s). Instead of laundry listing the limitations, the critique should focus on identifying one central theoretical limitation or one central empirical limitation that has important conceptual implications for the analysis, develop a convincing account of the weakness, and provide a plausible argument for improvement. Each short paper is about 2 single spaced pages and due by noon on the day before class. Please upload the papers onto the course blackboard site.
- **30%** Research project. Each student is to complete and present a *partial* research paper for the course. The paper must clearly identify the research question, explain the theory and hypotheses,

provide a critical review of related literature, discuss the operationalization of the hypotheses, and describe the data collection and the methods used to test the research question (specific statistical, qualitative, or formal models). The project does not require actual data analysis. The components of the paper include the following (including individual submission deadlines):

- You will need to submit to me a one paragraph description of your research topic by February 12. I will read and provide comments on your idea and return them to you as approved or not approved. If your topic is not approved, we will need to discuss it and you will need to resubmit it until you have an acceptable topic for your research paper. You may not turn in a research paper until this has been approved.
- You will need to submit a research proposal by March 5. This proposal can be in outline format but needs to include your research question, a list of your hypotheses and the theoretical logic behind each, a list of the variables that you plan to use to test the hypotheses, a brief description of the data you want to collect and ideas on methods you think you will use.
- You will turn in a first draft of your research paper on April 16.
- You will present your research project on April 16 or 23.
- The second and final draft of the paper will be due by the last day of class, Thursday, May 7.

Special academic needs If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible. If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please register with the Office of Disability Services (<http://disabilityservices.missouri.edu>), S5 Memorial Union, 573- 882-4696, and then notify me of your eligibility for reasonable accommodations. For other MU resources for students with disabilities, click on “Disability Resources” on the MU homepage.

Academic integrity Academic integrity is held in the highest regard at the University of Missouri. Academic integrity is expected and required. Enrollment constitutes acknowledgement by the student of her/his awareness of all definitions, rules, and procedures relating to academic integrity. Any Academic integrity violations will be dealt with swiftly and severely! If you ever have any questions concerning the University’s Academic Integrity policy, please consult your instructor immediately.

Class materials: All readings on the syllabus are required readings. There is one required textbook for this course: Paul Krugman and Maurice Obstfeld, *International Economics: theory and policy* (6th edition), Addison Wesley (a standard international economics text, with several non-technical sections that will be helpful to students with no economics background). The textbook and other required monographs and edited volumes are available through the campus bookstore and through Amazon, where you can find some used copies. Most readings are on reserve at Ellis Library, except for web articles -which can be downloaded from the original source- and Journal articles -which are available through Missouri’s Libraries Online Catalog.

Class Schedule: NOTE: The instructor reserves the right to alter the class and/or reading schedule at any time. Changes to reading assignments, deadlines, or test dates will be announced in a timely manner.

Week 1 (Jan 22) - Course Introduction

Peter Katzenstein, Robert O. Keohane, and Stephen D. Krasner (1998). "International Organization and the Study of World Politics. *International Organization* 52, no. 4 (Autumn): 645-85.

Jeffrey Frieden and Lisa Martin (2002). "International Political Economy: Global and Domestic Interactions. In *Political Science: The State of the Discipline*, eds. Ira Katznelson and Helen Milner. 118-46. New York: W.W. Norton.

David A. Lake (2006). "International Political Economy: A Maturing Interdiscipline. In *The Oxford Handbook of Political Economy*, eds. Barry R. Weingast and Donald Wittman, 757- 77. New York: Oxford University Press.

Paul R. Krugman, Maurice Obstfeld and Mark Melitz (2010). *International Economics: Theory and Policy*. Reading, MA: Addison-Wesley. Selection: chapters 3-6 provide an overview of neoclassical trade theory; chapters 7 and 8 discuss the role of internal and external economies of scale and the role of the firm in international trade respectively.

Week 2 (Jan 29) -IR Theory and the Issue of International Cooperation

Kenneth N. Waltz (1979). *Theory of International Politics*. Reading, Mass.: Addison Wesley, 1-17 and 60-128.

Kindleberger, Charles (1987). *The World in Depression, 1929-1939*, Ch 14.

Robert O. Keohane (1984). *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton, NJ: Princeton University Press, 49-132.

Robert Powell. 1994. "Anarchy in International Relations Theory: The Neorealist-Neoliberal Debate. *International Organization* 48, no. 2 (Spring): 313-44.

Kenneth A. Oye (1985). "Explaining Cooperation under Anarchy: Hypotheses and Strategies. *World Politics* 38, no. 1 (October): 1-24.

James D. Fearon (1998). "Bargaining, Enforcement, and International Cooperation. *International Organization* 52, no. 2 (Spring): 269-305.

Week 3 (Feb 5) -Trade Policy: Domestic Actors and Preferences

Ronald Rogowski (1987). "Political Cleavages and Changing Exposure to International Trade. *American Political Science Review* 81, no. 4 (December): 1121-37.

Alt, James E. and Michael Gilligan (1994). "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions." *Journal of Political Philosophy* 2 (2):165-192.

Michael J. Hiscox (2002). "Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation. *American Political Science Review* 96, no. 3 (September): 593-608.

Joseph M. Grieco and G. John Ikenberry (2003). *State Power and World Markets: The International Political Economy*. New York, WV Norton. Chapter 2: The Economics of International Trade (pp. 19-56).

Kenneth Scheve and Matthew Slaughter (2001). "What Determines Individual Trade-Policy Preferences? *Journal of International Economics* 54, no. 2 (August): 267-92.

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

Week 4 (Feb 12) -Trade Policy: Domestic Institutions

Daniel Y. Kono (2006). "Optimal Obfuscation: Democracy and Trade Policy Transparency. *American*

Political Science Review 100, 3 (August 2006): 369-384.

Michael A. Bailey, Judith Goldstein, and Barry R. Weingast (1997). "The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade. *World Politics* 49-3 (April): 309-38.

Michael J. Hiscox (1999). "The Magic Bullet? The RTAA, Institutional Reform, and Trade Liberalization. *International Organization* 53:4 (Autumn): 669-98.

Helen V. Milner and Keiko Kubota (2005) "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries. *International Organization* 59, no. 1 (Winter 2005): 107-43.

Edward D. Mansfield, Helen V. Milner, and B. Peter Rosendorff (2002). "Why Democracies Cooperate More: Electoral Control and International Trade Agreements. *International Organization* 56, no. 3 (Summer): 477-513.

Edward D. Mansfield and Marc L. Busch (1995). "The Political Economy of Nontariff Barriers: A Cross-National Analysis, *International Organization* 49, no. 4 (Autumn): 723-49.

Jong Hee Park and Nathan Jensen (2007). "Electoral Competition and Agricultural Support in OECD Countries. *American Journal of Political Science* 51, no. 2 (April): 314-29.

Week 5 (Feb 19) -Trade Policy: Power and International Institutions

Stephen D. Krasner (1976). "State Power and the Structure of International Trade. *World Politics* 28:3 (April): 317-47.

Joanne Gowa and Edward D. Mansfield (1993). "Power Politics and International Trade. *American Political Science Review* 87, no. 2 (June): 408-20.

Beth A. Simmons (2000) "International Law and State Behavior: Commitment and Compliance in International Monetary Affairs. *American Political Science Review* 94, no. 4 (December): 819-35.

Rose, Andrew K. (2004). "Do We Really Know That the WTO Increases Trade? *American Economic Review*, 94-1: 98-114.

Davis, Christina (2012). *Why Adjudicate?: Enforcing Trade Rules in the WTO*. Princeton: Princeton University Press. Chapters TBD.

Judith Goldstein, 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 (Winter): 37-67.

Jana von Stein (2005). "Do Treaties Constrain or Screen? Selection Bias and Treaty Compliance. *American Political Science Review* 99, no. 4 (November): 611-22.

Beth A. Simmons and Daniel J. Hopkins (2005) "The Constraining Power of International Treaties. *American Political Science Review* 99, no. 4 (November).

Week 6 (Feb 26) - Foreign Direct Investment and Multinational Corporations

Nathan Jensen (2003). "Democratic Governance and Multinational Corporations: The Political Economy of Foreign Direct Investment. *International Organization* 57, no. 3 (Summer).

Quan Li and Adam Resnick (2003). "Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries. *International Organization* 57, no. 1 (Winter): 175-211.

Stasavage, David. 2002. "Private Investment and Political Institutions." *Economics and Politics* 14, 1: 41-63.

Stephen Kobrin (1987). "Testing the Bargaining Hypothesis in the Manufacturing Sector in Developing Countries. *International Organization* 41, no. 4 (Autumn): 609-38.

Tim Buthe and Helen Milner (2008). "The Politics of Foreign Direct Investment into Developing Countries: Increasing FDI through International Trade Agreements? *American Journal of Political Science*

52, no. 4 (October): 741-62.

Elkins, Zachary, Andrew T. Guzman, and Beth A. Simmons (2006). "Competing for Capital: The Diffusion of Bilateral Investment Treaties", 1960-2000. *International Organization* 60 (4): 811-846.

Gray, Julia (2009). "International Organization as a Seal of Approval: European Union Accession and Investor Risk." *American Journal of Political Science* 53(4): 931-949.

Pablo M. Pinto and M. Santiago Pinto (2008). "The Politics of Investment: Partisanship and the Sectoral Allocation of Foreign Direct Investment." *Economics and Politics*, Vol. 20, Issue 2, pp. 216-254.

Week 7 (March 5) -Finance, Money, and Exchange Rates

Jeffrey Frieden (1991). "Invested Interests: The Politics of National Economic Policies in a World of Global Finance. *International Organization* 45, no. 4 (Autumn): 425-51.

Beth Simmons (1994). *Who Adjusts: Domestic Sources of Foreign Economic Policy During the Interwar Years*. Princeton, NJ: Princeton University Press, 106-39.

Dennis Quinn, and Carla Inclan (1997). "The Origins of Financial Openness: A Study of Current and Capital Account Liberalization. *American Journal of Political Science* 41, 3 (July 1997):771-813.

J. Lawrence Broz and Jeffrey A. Frieden (2001). "The Political Economy of International Monetary Relations. *Annual Review of Political Science* 4 (2001): 317-43.

William Bernhard and David Leblang (1999). "Democratic Institutions and Exchange Rate Commitments. *International Organization* 53 (1): 71-97.

Matthew Gabel (2001). "Divided Opinion, Common Currency: The Political Economy of Public Support for EMU. In Barry Eichengreen and Jeffrey A. Frieden, editors, *The Political Economy of European Monetary Unification*, 2nd edition. Boulder, CO: Westview, 49-76.

Pablo M. Pinto, Stephen Weymouth and Peter A. Gourevitch (2010). *The Politics of Stock Market Development*. *Review of International Political Economy* 17 (2): 378-409.

Week 8 (March 12) -Sovereign Debt and Financial Crises

Michael Tomz (2007). *Reputation and International Cooperation: Sovereign Debt Across Three Centuries*. Princeton, NJ: Princeton University Press, chapters 1, 2, and 9.

Reinhart, Carmen M. and Kenneth Rogoff, (2009) *This Time is Different: Eight Centuries of Financial Folly*, Princeton University Press, chapters 13-15, 17 (skim chapters 1 and 16).

J. Lawrence Broz (2005). "Congressional Politics of International Financial Rescues, *American Journal of Political Science* 49 no. 3 (July): 479-96.

Charles Lipson (1985). "Bankers Dilemmas: Private Cooperation in Rescheduling Sovereign Debts. *World Politics* 38 (1): 200-25.

David Leblang (2003). "Devalue or Defend? *International Studies Quarterly* Vol. 47, No. 4 (December 2003), pp. 533-559.

Stiglitz, Joseph (2010), *The Financial Crisis of 2007-8 and its Macroeconomic Consequences*, in *Time for a Visible Hand: Lessons from the 2008 World Financial Crisis*, ed. Griffith-Jones, Ocampo and Stiglitz, Oxford University Press, pages 19-49.

Chinn, Menzie D. and Jeffrey A. Frieden (2011). *Lost Decades: The Making of Americas Debt Crisis and the Long Recovery*. New York, NY: W.V. Norton. Chapters 1 and 2.

Week 9 (March 19) - Globalization and Domestic Politics

David R. Cameron (1978). "The Expansion of the Public Economy: A Comparative Analysis. *American Political Science Review*, Vol. 72: 1243-1261.

Geoffrey Garrett (1998). *Partisan Politics in the Global Economy*. New York, NY: Cambridge University Press. Chapter 2: Politics, Policy, and Performance.

Dani Rodrik (1998). "Why Do More Open Economies Have Bigger Governments?" *Journal of Political Economy* 106 (1998), 997-1032.

Jude C. Hays, Sean D. Ehrlich, and Clint Peinhardt (2005). "Government Spending and Public Support for Trade in the OECD: An Empirical Test of the Embedded Liberalism Thesis," *International Organization* 59 (2005), 473-494.

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

Layna Mosley (2000). "Room to Move: International Financial Markets and the Welfare State." *International Organization* Vol. 54 (Autumn 2000), pp. 737-774.

Yotam Margalit (2011). "Costly Jobs: Trade-related layoffs, government compensation and voting in the U.S.." *American Political Science Review* 105 (1), 166-18.

Week 10 (March 26) -Spring Break

Week 11 (April 2) Development and Growth

Douglass North and Barry Weingast (1989). "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England." *Journal of Economic History* 49 (December 1989): 803-832.

Stanley Engerman and Kenneth Sokoloff (2000). "History Lessons: Institutions, Factor Endowments and Paths of Development in the New World." *Journal of Economic Perspectives* 14 (3): 217-232.

Daron Acemoglu, Simon Johnson, and James Robinson (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review*, 91(5):1369-1401.

Jeffrey Sachs and Andrew Warner (2001). "The Curse of Natural Resources." *European Economic Review* 45:827-838

Dani Rodrik (2007). *One Economics, Many Recipes*. Princeton, NJ: Princeton University Press. Part A (pp. 13-98).

Jeffrey Sachs and Andrew Warner (2001). *The Curse of Natural Resources*. *European Economic Review* 45:827-838.

Pablo M. Pinto, and Jeffrey F. Timmons (2005). *The Political Determinants of Economic Performance. Political Competition and the Sources of Growth*. *Comparative Political Studies*, 45 (1): 26-50.

Week 12 (April 9) -Foreign Aid Allocation and Effectiveness

Kuziemko, Ilyana and Eric Werker (2006): "How Much is a seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations?" *Journal of Political Economy* 114(5): 905-930.

Alesina, Alberto and David Dollar. (2000). "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth* 5 (1):33-63.

Stone, Randall W (2004). "The Political Economy of IMF Lending in Africa." *American Political Science Review* 98 (4):577-591.

Dietrich, Simone (2013): Dietrich, Simone. Forthcoming. "Engage or Bypass? Assessing Donor Delivery Tactics in Foreign Aid Allocation." *International Studies Quarterly*.

Bearce, David H. and Daniel C. Tirone. (2007). *Foreign Aid Effectiveness and the Strategic Goals of Donor Governments*. *The Journal of Politics* 72(03): 837-851.

Dietrich, Simone (2011). "The Politics of Public Health Aid: Why Corrupt Governments Have Incentives

to Implement Aid Effectively.” *World Development* 39(1): 55-63.

Milner, Helen, Daniel Nielson, and Michael Findley. Nd. “Which Devil in Development? A Large-N Survey and Randomized Field Experiment Comparing Bilateral Aid, Multilateral Assistance, and Government Action in Uganda.” Unpublished Manuscript.

Week 13 (April 16) -Student Presentations

Week 14 (April 23) -Student Presentations

Week 15 (April 30) -Recent Developments in IPE
Selection of papers from recent conferences (TBD)

Week 16 (May 7) -Final Papers Due