

University of California, San Diego
Winter 2012
W 12:00-2:50, SSB 104
<http://weber.ucsd.edu/~jlbroz/Courses/PS245/>

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POLI 245: INTERNATIONAL POLITICAL ECONOMY

This graduate seminar examines recent research in international political economy to gain insight into how domestic and international politics shape foreign economic policies and the collective policy choices of international organizations. Our substantive domain covers three cross-border flows and the government policies that regulate them: the flow of *goods* (national and international trade policies), the flow of *capital* (capital controls, financial regulations, exchange-rate policies, and international bailouts), and the flow of *labor* (migration policies).

This is a specialized graduate seminar with article-length readings covering the topic areas described above. The seminar emphasizes current theoretical debates and aims to expose students to the chief methods by which scholars acquire knowledge of the subject. We sample from economics and political science and look for gains from interdisciplinary exchange. As a practical matter, we begin each week by identifying the welfare and distributional implications of alternative public policies toward the world economy. We then examine how voters, interest groups, political parties, politicians, and bureaucrats interact within political institutions to shape policy outcomes.

REQUIREMENTS

Participation (25%) Students will read all items on the list and come to seminar each week prepared to discuss them in detail. These questions may help you prepare for the discussion: (1) What outcome(s) is the author seeking to explain? (2) What is this author(s) main argument? (3) Where does this reading fit into the literature and how does it seek to contribute? (4) What is the nature of this reading's empirical research design and findings? What are paper's strengths and weaknesses?

Discussion leaders: While all students are expected to come prepared each week, two or three students will be assigned to introduce and lead each session. In the past, students have found it useful to coordinate their presentations and use handouts or slides to convey their main points.

Critical Review Paper (30%) Students will prepare a critical review paper on a research question derived from any weekly topic heading (e.g. "Trade and Democracy"). This paper will be between 5-7 double-spaced pages and must emphasize your own ideas. Please do not write a purely sequential literature review of the separate works covered on the list. The thrust must be clearly articulating your own original critique and synthesis of the set of readings. What is the central research question driving research in this area of the field? What are the conceptual, theoretical, and empirical flaws plaguing research in this area and how would you go about correcting those flaws?

Due Date: Week 6 at the beginning of class.

Original Idea Paper (45%) You will prepare a 13-16 page paper containing an original idea that could serve as the key insight for a potentially publishable work. Your "new idea" may be a theoretical contribution, an improvement in research design, or an empirical innovation. Regardless of the nature of your contribution, all papers need a clear motivation from a critique of the existing literature. You may co-author this particular paper assignment with one other student in the seminar. Co-authored papers will be graded jointly but I will expect a higher level of elaboration and quality in the final project.

Due Date: A preliminary, one-page proposal is due the fourth week of class at the beginning of class. The final paper is due Wednesday of finals week by 5:00 pm.

All late work will be penalized at the rate of 1/3 letter grade per day, including weekend days.

WEEK 1: BACKGROUND AND HISTORY

Frankel, Jeffrey. 2000. "[Globalization of the Economy.](#)" In *Governance in a Globalizing World*, edited by Joseph S. Nye and John D. Donahue, pp. 45-71 (Brookings Institution Press).

O'Rourke, Kevin H. 2001. "[Globalization and Inequality: Historical Trends.](#)" NBER Working Paper 8339 June 2001.

Obstfeld, Maurice, Jay C. Shambaugh, and Alan M. Taylor. 2005. "[The Trilemma in History: Tradeoffs among Exchange Rates, Monetary Policies, and Capital Mobility.](#)" *Review of Economics and Statistics* 87 (August): 423-438.

Eichengreen, Barry and Peter Temin. 2010. "[Fetters of Gold and Paper.](#)" *Oxford Review of Economic Policy*. 26 (3): 370–384.

Rodrik, Dani. 1998. "[The Debate over Globalization: How to Move Forward by Looking Backward.](#)" in Jeffrey J. Schott, ed., *Launching New Global Trade Talks: An Action Agenda*, Institute for International Economics, Special Report 12, Washington, DC.

Kose, M. Ayhan, Eswar Prasad, Kenneth Rogoff and Shang-Jin Wei. 2009. "[Financial Globalization: A Reappraisal.](#)" *IMF Staff Papers* 56, 1 (April): 8-62.

WEEK 2: INTERNATIONAL POLITICAL ECONOMY

Frieden, Jeffrey and Lisa Martin. 2002. "[International Political Economy: Global and Domestic Interactions.](#)" In Ira Katznelson and Helen Milner, *Political Science: The State of the Discipline* (W.W. Norton).

Rodrik, Dani. 1995. "[The Political Economy of Trade Policy.](#)" In Grossman, Elhanan and Kenneth Rogoff. eds. *Handbook of International Economics*. Vol. 3. Amsterdam: Elsevier Science, pp. 1457–1494.

Rogowski, Ronald. 2006. [“Trade, Immigration, and Cross-Border Investment.”](#) In Weingast, Barry R. and Donald A. Wittman. eds. *The Oxford Handbook of Political Economy*. Oxford: Oxford University Press, pp. 814–828

Lake, David. 2009. ["Open Economy Politics: A Critical Review."](#) *The Review of International Organizations* 4 (3):219-44.

Oatley, Thomas. 2011. [“The Reductionist Gamble: Open Economy Politics in the Global Economy.”](#) *International Organization* 65 (2): 311-341.

Kayser, Mark Andreas. 2007. ["How Domestic is Domestic Politics? Globalization and Elections."](#) *Annual Review of Political Science* (10):341-62.

WEEK 3: TRADE POLICY PREFERENCES

Scheve, Kenneth F. and Matthew J. Slaughter. 2001. ["What Determines Individual Trade-Policy Preferences?"](#) *Journal of International Economics* 54 (3):267-92.

Mayda, Anna Maria and Dani Rodrik. 2005. ["Why Are Some People \(and Countries\) More Protectionist Than Others?"](#) *European Economic Review* 49:1393-1430.

Hays, Jude S., 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(2): 473–494.

Margalit, Yotam. 2011. [“Costly Jobs: Trade-related Layoffs, Government Compensation, and Voting in U.S. Elections.”](#) *American Political Science Review* 105 (1): 169-188.

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): 924–938.

Mansfield, Edward D., and Diana C. Mutz. 2009. ["Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety."](#) *International Organization* 63 (3):425-57.

WEEK 4: TRADE AND DEMOCRACY (One-page “Original Idea” proposal is due)

Rogowski, Ronald. 1987. ["Trade and the Variety of Democratic Institutions."](#) *International Organization* 41, 2 (spring):203-223.

O'Rourke, Kevin H. and Alan M. Taylor. 2006. ["Democracy and Protectionism."](#) NBER Working Paper No 12250.

Milner, Helen and Keiko Kubota. 2005. [“Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries.”](#) *International Organization* 59 (1): 107-143.

Rudra, Nita. 2005. ["Globalization and the Strengthening of Democracy in the Developing World."](#) *American Journal of Political Science* 49 (4): 704-30.

Mansfield, Edward, Helen V. Milner, and Eric Reinhardt. 2002. ["Why Democracies Cooperate More: Electoral Control and International Trade Agreements."](#) *International Organization* 56 (3): 477-514.

Milner, Helen V. and B. Peter Rosendorf. 1997. ["Democratic Politics and International Trade Negotiations: Elections and Divided Government as Constraints on Trade Liberalization."](#) *Journal of Conflict Resolution* 41 (1): 117-146.

WEEK 5: DOMESTIC AND INTERNATIONAL TRADE INSTITUTIONS

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

Lohmann, Susanne and Sharyn O'Halloran. 1994. ["Divided Government and U.S. Trade Policy: Theory and Evidence."](#) *International Organization* 48 (4):595-632.

Staiger, Robert W. and Guido Tabellini. 1999. ["Do GATT Rules Help Governments Make Domestic Commitments?"](#) *Economics and Politics* 11 (2):109-144.

Rosendorff, B. Peter, and Helen V. Milner. 2001. ["The Optimal Design of International Trade Institutions: Uncertainty and Escape."](#) *International Organization* 55 (4):829-57.

Kucik, Jeffrey, and Eric Reinhardt. 2008. ["Does Flexibility Promote Cooperation? An Application to the Global Trade Regime."](#) *International Organization* 62: 477-505.

Gowa, Joanne and Soo Yeon Kim. 2005. ["An Exclusive Country Club: The Effects of the GATT on Trade, 1950–94."](#) *World Politics* 57(4): 453–478

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.

WEEK 6: INTERNATIONAL CAPITAL MOBILITY (Due date for the 5-7 page "Critical Review" paper)

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

Simmons, Beth A. and Zachary Elkins. 2004. ["The Globalization of Liberalization: Policy Diffusion in the International Political Economy."](#) *American Political Science Review* 98 (1):171-189.

Quinn, Dennis P., and A. Maria Toyoda. 2007. "[Ideology and Voter Preferences as Determinants of Financial Globalization.](#)" *American Journal of Political Science* 51, 2: 344-363.

Vreeland, James Raymond. 2003. "[Why do Governments and the IMF enter into Agreements: Statistically Selected Case Studies.](#)" *International Political Science Review* 24 (3): 321-343.

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

Broz, J. Lawrence and Michael Brewster Hawes. 2006. "[Congressional Politics of Financing the International Monetary Fund.](#)" *International Organization* 60, (2): 367-399.

WEEK 7: CAPITAL MOBILITY AND MACROECONOMIC POLICY

Broz, J. Lawrence and Jeffrey Frieden. 2006. "[The Political Economy of Exchange Rates.](#)" In *The Oxford Handbook of Political Economy*. Edited by Barry R. Weingast and Donald Wittman. Oxford University Press.

Frieden, Jeffrey A. 1991. "[Invested Interests: The Politics of National Economic Policies in a World of Global Finance.](#)" *International Organization* 45 (4):425-451.

Blomberg, S Brock, Jeffrey Frieden and Ernesto Stein. 2005. "[Sustaining Fixed Rates: The Political Economy of Currency Pegs in Latin America.](#)" *Journal of Applied Economics* 8, 2 (Nov):203-225.

Broz, J. Lawrence, Jeffrey Frieden and Stephen Weymouth. 2008. "[Exchange-Rate Policy Attitudes: Direct Evidence from Survey Data.](#)" *IMF Staff Papers* 55, 3 (September).

Bodea, Cristina. 2010. "[The Political Economy of Fixed Exchange Rate Regimes: The Experience of Post-Communist Countries.](#)" *European Journal of Political Economy* 26 (2): 248-264.

Ansell, Ben. 2011. "[The Political Economy of Ownership: Housing Markets and the Welfare State.](#)" IPES Conference Paper, 2011.

WEEK 8: EXCHANGE RATE REGIMES

Meissner, Christopher. 2005. "[A New World Order: Explaining the International Diffusion of the Gold Standard, 1870-1913.](#)" *Journal of International Economics* 66, 2 (July): 385-406.

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):863-889.

Bodea, Cristina. 2010. ["Exchange Rate Regimes and Independent Central Banks: A Correlated Choice of Imperfectly Credible Institutions."](#) *International Organization* 64 (3): 411-442.

Scheve, Kenneth. 2004. ["Public Inflation Aversion and the Political Economy of Macroeconomic Policymaking."](#) *International Organization* 58(1): 1-34.

Broz, J. Lawrence, and Michael Plouffe. 2010. ["The Effectiveness of Monetary Policy Anchors: Firm-Level Evidence."](#) *International Organization*.

WEEK 9: MIGRATION

Scheve, Kenneth F., and Matthew J. Slaughter. 2001. ["Labor Market Competition and Individual Preferences over Immigration Policy."](#) *Review of Economics and Statistics* 83 (1): 133-145.

Mayda, Anna M. 2006. ["Who is Against Immigration? A Cross-Country Investigation of Individual Attitudes toward Immigrants."](#) *Review of Economics and Statistics* 88 (3): 510-530.

Hanson, Gordon, Kenneth F. Scheve, and Matthew J. Slaughter. 2007. ["Public Finance and Individual Preferences over Globalization Strategies."](#) *Economics and Politics* 19(1): 1-33.

Hatton, Timothy J. and Williamson, Jeffrey G. 2006. ["A Dual Policy Paradox: Why Have Trade and Immigration Policies Always Differed in Labor-Scarce Economies?"](#) IZA Discussion Paper No. 2146.

Hainmueller, J., and M. J. Hiscox. 2010. ["Attitudes toward Highly Skilled and Low-skilled Immigration: Evidence from a Survey Experiment."](#) *American Political Science Review* 104 (1): 61-84.

Facchini, Giovanni and Steinhardt, Max Friedrich. 2011. ["What Drives US Immigration Policy? Evidence from Congressional Roll Call Votes."](#) IZA Discussion Paper No. 5561.

WEEK 10: NEW TOPICS

Milner, Helen and, Tingley Dustin. 2011. ["Who Supports Global Economic Engagement? The Sources of Preferences in American Foreign Economic Policy."](#) *International Organization* 65 (1): 37-68.

Naoi, Megumi and Ikuo Kume. 2011. ["Explaining Mass Support for Agricultural Protectionism: Evidence from a Survey Experiment during the Global Recession."](#) *International Organization* 65 (4): 771-795.

Bechtel, Michael M., Thomas Bernauer, and Reto Meyer. 2012. ["The Green Side of Protectionism: Environmental Concerns and Three Facets of Trade Policy Preferences."](#) *Review of International Political Economy* (forthcoming).

Hainmueller, Jens, Michael J. Hiscox, and Sandra Sequeira. 2011. [“Consumer Demand for the Fair Trade Label: Evidence from a Field Experiment.”](#) Unpublished working paper.

Plouffe, Michael. [“The New Political Economy of Trade: Heterogeneous Firms and Trade Preferences.”](#) IPES Conference Paper, 2011.

Duch, Raymond M. and Randy Stevenson. 2010. [“The Global Economy, Competency, and the Economic Vote.”](#) *Journal of Politics* 72:105–123.

Kayser, Mark Andreas and Michael Peress. 2011. [“Benchmarking across Borders: Electoral Accountability and the Necessity of Comparison.”](#) Unpublished working paper.

"Original Idea" paper is due by 5:00pm on Wednesday of finals week.