

University of California, San Diego
Fall 2021
Monday 3:00 – 5:50 pm
SSB 353 (in person)

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Office hours: Tuesday 10:00 am -12:30 pm

POLI 245: INTERNATIONAL POLITICAL ECONOMY

We review research on how politics shapes the foreign economic policies of nations 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, the IMF), and the flow of *labor* (migration policies). We also examine the relationship between the world economy and domestic politics: elections, voting behavior, public opinion, and populism.

This is a specialized graduate seminar with article-length readings that cover the substantive topics described above. We emphasize current theoretical debates and methods so as to acquaint students to how today's scholars acquire knowledge of these subjects. We also position current articles within broader research traditions so that students will understand the trajectory of the field.

REQUIREMENTS

Participation (25%) Students will read all items on the required list (background readings can be skimmed) and come to seminar prepared to discuss them in detail. What is the variation that authors seek to explain? Why should we care about this variation? What are the authors' explanations for this variation? What are the strengths and weakness of the research design? How do the arguments and methods of this SET of papers relate to one another?

Literature Review Essays (35%): Student will prepare **four** 3-5 page (double-spaced) literature review essays over the course of the quarter on four weekly topics (excluding week 1 and week 10). Background readings will help students place newer research in the context of older debates and research traditions. The goal of these essays is to track the research trajectory on a particular topic and understand why certain arguments and debates became prominent while others faded away, which is useful for comprehensive exams. **Due date:** 24 hours before the topic is discussed in seminar. These assignments cannot be co-authored.

Original Idea Paper (40%) Students will prepare a 12-15 page paper containing an original idea that could serve as the key insight for a publishable work. Your original idea may be a theoretical contribution, an improvement in research design, an empirical innovation, or some combination. 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 will require a higher level of elaboration and quality. **Due Date:** A preliminary, one-page proposal is due

fourth week, at the beginning of class. The final paper is due Wednesday of finals week by 5:00 pm.

Late Policy: All late work will be penalized at the rate of 1/3 letter grade per day, including weekend days (e.g., one day late reduces a B to a B-).

WEEK 1: GLOBALIZATION AND HISTORY

Williamson, Jeffrey G. 1996. ["Globalization, Convergence, and History."](#) *The Journal of Economic History* 56(2): 277-306.

Frieden, Jeffrey and Ronald Rogowski. 2014. ["Modern Capitalism: Enthusiasts, Opponents, and Reformers."](#) In *The Cambridge History of Capitalism*, edited by Jeffrey Williamson (New York: Cambridge University Press).

Autor, David H., David Dorn, and Gordon H. Hanson. 2016. ["The China Shock: Learning from Labor Market Adjustment to Large Changes in Trade."](#) *Annual Review of Economics* 8: 205-240.

Obstfeld, Maurice. 2021. ["Globalization and Nationalism: Retrospect and Prospect."](#) *Contemporary Economic Policy* 39: 675– 690.

Broz, J. Lawrence, Jeffrey Frieden, and Stephen Weymouth. 2021. ["Populism in Place: The Economic Geography of the Globalization Backlash."](#) *International Organization* 75(2): 464-494.

Kim, In Song, and Helen V. Milner. 2021. ["Multinational Corporations and their Influence Through Lobbying on Foreign Policy."](#) in *Global Goliaths: Multinational Corporations in the 21st Century Economy*. Edited by C. Fritz Foley, James Hines, and David Wessel. Brookings Institution Press.

Background Reading:

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

Lake, David A. 1993. ["Leadership, Hegemony, and the International Economy: Naked Emperor or Tattered Monarch with Potential."](#) *International Studies Quarterly* 37, 4 (December):459-489.

Rogowski, Ronald. 2008. ["Trade, Immigration, and Cross-Border Investment."](#) In *The Oxford Handbook of Political Economy*, edited by Barry Weingast and Donald Wittman, pages 814-828 (New York: Oxford University Press).

Lake, David A. 2009 ["Open Economy Politics: A Critical Review."](#) *The Review of International Organizations* 4 (1):219-244.

WEEK 2: SECTORS & FACTORS, INDIVIDUALS & FIRMS

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

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

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.

Kim, In Song. 2017. "[Political Cleavages within Industry: Firm-level Lobbying for Trade Liberalization.](#)" *American Political Science Review* 111 (1):1-20.

Osgood, Iain. 2021. "[Vanguards of Globalization: Organization and Political Action among America's pro-Trade Firms.](#)" *Business and Politics* 23 (1): 1-35.

Background Reading:

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

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* 60:469-498.

Owen, Erica. 2015. "[Labor and Protectionist Sentiment.](#)" In *The Handbook of the Political Economy of International Trade*, edited by Lisa Martin (Oxford: Oxford University Press).

Osgood, Iain. 2018. "[Globalizing the Supply Chain: Firm and Industrial Support for US Trade Agreements](#)" *International Organization* 72(2):455-484.

WEEK 3: TRADE AND ELECTIONS

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

Feigenbaum, James J., and Andrew B. Hall. 2015. "[How Legislators Respond to Localized Economic Shocks: Evidence from Chinese Import Competition.](#)" *The Journal of Politics* 77 (4):1012-1030.

Yi Che, Yi Lu, Justin R. Pierce, Peter K. Schott, and Zhigang Tao. 2016. "[Does Trade Liberalization with China Influence U.S. Elections?](#)" *NBER Working Paper No. 22178*.

Autor, David, David Dorn, Gordon Hanson, and Kaveh Majlesi. 2020. "[Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure.](#)" *American Economic Review* 110, 10 (October):3139-83.

Jensen, J. Bradford, Dennis P. Quinn, and Stephen Weymouth 2017. "[Winners and Losers in International Trade: The Effects on U.S. Presidential Voting.](#)" *International Organization* 71 (3):423-457.

Campello, Daniela and Cesar Zucco Jr. 2016. "[Presidential Success and the World Economy.](#)" *The Journal of Politics* 78 (2):589-602.

Background Reading:

Conybeare, John. 1991. "[Voting for Protection: An Electoral Model of Tariff Policy.](#)" *International Organization* 45(1), 57-81.

Irwin, Douglas. 1994. "[The Political Economy of Free Trade: Voting in the British General Election of 1906.](#)" *Journal of Law and Economics* 37 (1): 75-108.

Gourevitch, Peter. 1978. "[The Second Image Reversed: The International Sources of Domestic Politics.](#)" *International Organization* 32 (4): 881-912.

McKeown, Timothy. 1989. "[The Politics of Corn Law Repeal and Theories of Commercial Policy.](#)" *British Journal of Political Science* 19 (July): 353-80.

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

Guisinger, Alexandra. 2009. "[Determining Trade Policy: Do Voters Hold Politicians Accountable?'](#)" *International Organization* 63:533-557.

WEEK 4: TRADE AND POPULISM (one-page "Original Idea" proposal due)

Colantone, Italo and Piero Stanig. 2018. "[Global Competition and Brexit.](#)" *American Political Science Review* 112 (2):201-218.

Colantone, Italo and Piero Stanig. 2018. "[The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe.](#)" *American Journal of Political Science* 62 (4):936-953.

Mutz, Diana C. 2018. "[Status Threat, Not Economic Hardship, Explains the 2016 Presidential Vote.](#)" *Proceedings of the National Academy of Sciences* 15, 19 (May): E4330-E4339.

Ballard-Rosa, Cameron, Mashail Malik, Stephanie Rickard, and Kenneth Scheve. 2021. [“The Economic Origins of Authoritarian Values: Evidence from Local Trade Shocks in the United Kingdom.”](#) *Comparative Political Studies* (July 2021).

Ritchie, Melinda N., and Hye Young You. 2021. [Trump and Trade: Protectionist Politics and Redistributive Policy.](#) *The Journal of Politics* 83, 2 (April): 800-815.

Background Readings

Gourevitch, Peter. 1977. [“International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873–1896.”](#) *Journal of Interdisciplinary History* 8: 281–300.

De Bromhead, Alan, Barry Eichengreen, and Kevin O'Rourke. 2013. [“Political Extremism in the 1920s and 1930s: Do German Lessons Generalize?”](#) *The Journal of Economic History*, 73(2): 371-406.

Morgan, Stephen L. 2018. [“Status Threat, Material Interests, and the 2016 Presidential Vote.”](#) *Socius: Sociological Research for a Dynamic World* 4:1-17.

Fetzer, Thiemo. 2019. [“Did Austerity cause Brexit?”](#) *American Economic Review* 109 (11):3849-86.

Frey, Carl Benedikt, Thor Berger, and Chinchih Chen. 2018. [“Political Machinery: Did Robots Swing the 2016 US Presidential Election?”](#) *Oxford Review of Economic Policy* 34, 3 (Autumn): 418-442.

WEEK 5: TRADE POLICY INSTITUTIONS

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): 165-192.

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.

Rosendorff, B. Peter, and Helen V. Milner. 2001. [“The Optimal Design of International Institutions: Uncertainty and Escape.”](#) *International Organization* 55: 829- 857.

Conconi, Paola, Giovanni Facchini and Maurizio Zanardi. 2014. [“Policymakers’ Horizon and Trade Reforms: The Protectionist Effect of Elections.”](#) *Journal of International Economics* 94: 102-118.

Kim, Minju. 2021. [“How Bureaucrats Represent Economic Interests: Partisan Control over Trade Adjustment Assistance.”](#) Job Market Paper. **Note: Minju Kim is a [CCD Postdoctoral Fellow](#) this year, so look her up if you are interested in her research!**

Background Readings

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

Maggi, Giovanni and Andres Rodriguez-Clare. 1998. "[The Value of Trade Agreements in the Presence of Political Pressures.](#)" *Journal of Political Economy* 106(3):574-601.

Bagwell, Kyle and Robert W. Staiger. 1999. "[An Economic Theory of GATT.](#)" *American Economic Review* 89(1):215-248.

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

Goldstein, Judy and Robert Gulotty. 2014. "[America and Trade Liberalization: The Limits of Institutional Reform.](#)" *International Organization* 68 (2):263-295.

Rickard, Stephanie. 2015. "[Electoral Systems and Trade.](#)" In *The Handbook of the Political Economy of International Trade*, edited by Lisa Martin (Oxford: Oxford University Press).

Gowa, Joanne. 2015. "[Explaining the GATT/WTO: Origins and Effects.](#)" In *The Oxford Handbook of the Political Economy of International Trade*. Edited by Lisa Martin. Oxford University Press.

WEEK 6: MIGRATION

Scheve, Kenneth F. and Matthew J. Slaughter. 2001. "[Labor Market Competition and Individual Preferences over Immigration Policy.](#)" *The 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.](#)" *The Review of Economics and Statistics* 88 (3): 510–530.

Giovanni Facchini and Anna Maria Mayda. 2009. "[Does the Welfare State Affect Individual Attitudes toward Immigrants? Evidence across Countries.](#)" *The Review of Economics and Statistics* 91 (2): 295-314.

Facchini, Giovanni, Anna Maria Mayda, and Prachi Mishra. 2011. "[Do Interest Groups affect US Immigration Policy?](#)" *Journal of International Economics* 85, 1 (September): 114-128.

Margalit, Yotam. 2019. "[Economic Insecurity and the Causes of Populism, Reconsidered.](#)" *Journal of Economic Perspectives* 33 (4): 152-70.

Background readings

Borjas, George J. 1999. ["Heaven's Door: Immigration Policy and the American Economy."](#) Princeton University Press. [Read Chapters 1 and 4 carefully; skim the others].

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*.

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

Hainmueller, Jens and Dominik Hangartner. 2013. ["Who Gets a Swiss Passport? A Natural Experiment in Immigrant Discrimination."](#) *American Political Science Review* 107, 1 (February): 159-187.

Hainmueller, Jens and Daniel J. Hopkins. 2014. ["Public Attitudes toward Immigration."](#) *Annual Review of Political Science* 17 (1): 225-249.

Mayda, Anna Maria, Giovanni Peri, and Walter Steingress. 2020. ["The Political Impact of Immigration: Evidence from the United States."](#) *American Economic Journal: Applied Economics*, forthcoming.

WEEK 7: FOREIGN DIRECT INVESTMENT

Frieden, Jeffrey A. 1994. ["International Investment and Colonial Control: A New Interpretation."](#) *International Organization* 48(4):559-593.

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.

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

Simmons, Beth A. 2014. ["Bargaining over BITs, Arbitrating Awards: The Regime for Protection and Promotion of International Investment."](#) *World Politics* 66 (1): 12-46.

Pandya, Sonal. 2016. ["Political Economy of Foreign Direct Investment: Globalized Production in the Twenty-First Century."](#) *Annual Review of Political Science* 19:455-475.

Wellhausen, Rachel L. 2019. ["International Investment Law and Foreign Direct Reinvestment."](#) *International Organization* 73: 839-858.

Background Reading

Caves, Richard E. 1971. [“International Corporations: The Industrial Economics of Foreign Investment.”](#) *Economica* 38 (149):1-27.

Kobrin, Stephen J. 1984. [“Expropriation as an Attempt to Control Foreign Firms in LDCs: Trends from 1960 to 1979.”](#) *International Studies Quarterly* 28 (3): 329-48.

Pandya, Sonal. 2010. [“Labor Markets and Demand for Foreign Direct Investment.”](#) *International Organization* 64, 3 (Summer): 389-409.

Jensen, Nathen M., Edward J. Malesky, and Michael Walsh. 2015. [“Competing for Global Capital or Local Voters? The Politics of Business Location Incentives.”](#) *Public Choice* 164: 331.

Owen, Erica. 2019. [“Foreign Direct Investment and Elections: The Impact of Greenfield FDI on Incumbent Party Reelection in Brazil.”](#) *Comparative Political Studies* 52, 4 (March): 613-45.

WEEK 8: INTERNATIONAL FINANCE & EXCHANGE RATES - INTERESTS

Broz, J. Lawrence, and Jeffrey Frieden. 2006. [“The Political Economy of Exchange Rates.”](#) In *The Oxford Handbook of Political Economy*, edited by Barry Weingast and Donald Wittman, pp. 587-597. New York: Oxford University Press.

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.

Broz, J. Lawrence and Seth H. Werfel. 2014. [“Exchange Rates and Industry Demands for Trade Protection.”](#) *International Organization* 68:393-416.

Obstfeld, Maurice, and Alan M. Taylor. 2017. [“International Monetary Relations: Taking Finance Seriously.”](#) *Journal of Economic Perspectives* 31 (3): 3-28.

Frieden, Jeffrey and Stefanie Walter. 2017. [“Understanding the Political Economy of the Eurozone Crisis.”](#) *Annual Review of Political Science* 20:371-390.

Background Readings:

Frieden, Jeffrey A. 1991. [“Invested Interests: The Politics of National Economic Policies in a World of Global Finance.”](#) *International Organization* 45: 425-51.

Frieden, Jeffrey. 1997. [“Monetary Populism in Nineteenth-Century America: An Open Economy Interpretation.”](#) *Journal of Economic History* 57, 2 (June): 367-395.

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.

Aizenman, Joshua. 2013. ["The Impossible Trinity \(aka The Policy Trilemma\)."](#) In *The Evidence and Impact of Financial Globalization*, edited by Gerard Caprio, Thorsten Beck, Stijn Claessens and Sergio L. Schmukler, Academic Press, San Diego, 2013, pp. 381-390.

WEEK 9: INTERNATIONAL FINANCE & EXCHANGE RATES – INSTITUTIONS

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

Jupille, Joseph, and David Leblang. 2007. ["Voting for Change: Calculation, Community, and Euro Referendums."](#) *International Organization* 61 (4):763-782.

Dreher, Axel, Sturm, Jan-Egbert, and Vreeland, James Raymond. 2009. ["Global Horse Trading: IMF Loans for Votes in the United Nations Security Council."](#) *European Economic Review* 53 (7): 742–757.

Broz, J. Lawrence. 2011. ["The United States Congress and IMF Financing, 1944-2009."](#) *The Review of International Organizations* 6 (3):341-368.

Rickard, Stephanie J., and Teri L. Caraway. 2014. ["International Negotiations in the Shadow of National Elections."](#) *International Organization* 68 (3): 701-20.

Lipsy, Phillip Y., and Haillie Na-Kyung Lee. 2019. ["The IMF as a Biased Global Insurance Mechanism: Asymmetrical Moral Hazard, Reserve Accumulation, and Financial Crises."](#) *International Organization* 73 (1): 35-64.

Background Reading

Roland Vaubel, 1983. ["The Moral Hazard of IMF Lending."](#) *The World Economy* 6, 3 (Sep): 291-304.

Simmons, Beth. 2000. ["International Law and State Behavior: Commitment and Compliance in International Monetary Affairs."](#) *American Political Science Review* 94: 819-835.

Barro, Robert J., and Lee, Jong-Wha. 2005. ["IMF Programs: Who Is Chosen and What Are the Effects?"](#) *Journal of Monetary Economics* 52, 7 (Oct): 1245-1269.

Broz, J. Lawrence, Maya J. Duru, and Jeffrey A. Frieden. 2016. ["Policy Responses to Balance-of-Payments Crises: The Role of Elections."](#) *Open Economies Review* 27, 2 (April): 204-227.

Frieden, Jeffrey. 2016. ["The Governance of International Finance."](#) *Annual Review of Political Science* 19 (1):33-48.

WEEK 10: NEW TOPICS

Bowen, T. Renee, and J. Lawrence Broz. 2021. "The Domestic Political-Economy of the WTO Crisis: Lessons for Preserving Multilateralism." Working Paper, August 31, 2021.

Bechtel, Michael, Kenneth Scheve, and Elisabeth van Lieshout. 2021. "[Improving Public Support for Climate Action Through Multilateralism](#)." Working Paper, September 2021.

Cory, Jared, Michael Lerner, and Iain Osgood. 2021. "[Supply Chain Linkages and the Extended Carbon Coalition](#)." *American Journal of Political Science* 65: 69-87.

Feng, Alan, and Haishi Li. 2021. "[We Are All in the Same Boat: Financial Spillovers of Climate Risk Through International Trade and Supply Chains](#)." IMF Working Paper. **Note: Harry Li is a CCD Postdoctoral Fellow this year, so look him up if you are interested in his research!**

Katherine Eriksson, Katheryn N. Russ, Jay C. Shambaugh, Minfei X. 2021. "[Trade Shocks and the Shifting Landscape of U.S. Manufacturing](#)." *Journal of International Money and Finance* 111 (2021).

Jiwon Choi, Ilyana Kuziemko, Ebonya Washington, Gavin Wright. 2021. "[Local Economic and Political Effects of Trade Deals: Evidence from NAFTA](#)." January 26, 2021

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