

University of California, San Diego  
Fall 2016

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## **POLI 245: INTERNATIONAL POLITICAL ECONOMY**

This seminar examines new 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). We also examine the relationship between the world economy and national elections, voting behavior, and public opinion.

This is a specialized graduate seminar with article-length readings that cover the substantive topics described above. We emphasize current theoretical debates and aim to expose students to the chief methods by which today's scholars acquire knowledge of the subject. We sample from economics and political science and look for gains from interdisciplinary exchange.

### **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) Which 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 the research design and findings? What are the 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 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 on 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 issues in this area and how would you go about correcting those flaws? **Due Date:** Week 7 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, 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 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: INTERNATIONAL POLITICAL ECONOMY**

Marc J. Melitz and Daniel Trefler. 2012. [“Gains from Trade when Firms Matter.”](#) *Journal of Economic Perspectives* 26, 2 (Spring): 91-118.

David H. Autor, David Dorn, and Gordon H. Hanson. 2016. [“The China Shock: Learning from Labor Market Adjustment to Large Changes in Trade.”](#) *NBER Working Paper No. 21906*.

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

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.

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

Alex Dreher and Valentin F. Lang. 2016. [“The Political Economy of International Organizations.”](#) *Oxford Handbook* (forthcoming).

## **WEEK 2: TRADE POLICY PREFERENCES**

Kuo, Jason and Megumi Naoi. 2015. [“Individual Attitudes.”](#) In *The Oxford Handbook of The Political Economy of International Trade*. Edited by Lisa Martin. Oxford University Press.

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.

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.

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.

Plouffe, Michael. 2015. "[Heterogeneous Firms and Policy Preferences.](#)" In *The Oxford Handbook of the Political Economy of International Trade*. Edited by Lisa Martin. Oxford University Press.

### **WEEK 3: TRADE AND DEMOCRACY**

Aklin, Michael, Eric Arias, Emine Deniz, and B. Peter Rosendorff. 2015. "[Domestic Politics of Trade Policy.](#)" in *Emerging Trends in the Social and Behavioral Sciences*, Robert Scott and Stephen Kosslyn (eds.), Hoboken, NJ: John Wiley and Sons.

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

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.

Mansfield, Edward D., Helen V. Milner, and B. Peter Rosendorff. 2002. "[Why Democracies Cooperate More: Electoral Control and International Trade Agreements.](#)" *International Organization* 56 (3): 477–514.

Mansfield, Edward D., Helen V. Milner, and Jon C. Pevehouse. 2007. "[Vetoing Cooperation: The Impact of Veto Players on Preferential Trading Arrangements.](#)" *British Journal of Political Science* 37 (3): 403-

Rickard, Stephanie J. 2012. "[A Non-Tariff Protectionist Bias in Majoritarian Politics: Government Subsidies and Electoral Institutions.](#)" *International Studies Quarterly* 56 (4): 777-785.

### **WEEK 4: TRADE AND ELECTIONS (one-page "Original Idea" proposal due)**

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*.

Jensen, J. Bradford, Dennis P. Quinn, and Stephen Weymouth 2016. "[Winners and Losers in International Trade: The Effects on U.S. Presidential Voting.](#)" *NBER Working Paper No. 21899*.

Hicks, Raymond, Helen V. Milner, and Dustin Tingley. 2014. "[Trade Policy, Economic Interests, and Party Politics in a Developing Country: The Political Economy of CAFTA-DR.](#)" *International Studies Quarterly* 58 (1): 106-117.

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

## **WEEK 5: DOMESTIC AND INTERNATIONAL TRADE INSTITUTIONS**

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.

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.

Karol, David. 2000. "[Divided Government and U.S. Trade Policy: Much Ado about Nothing?](#)" *International Organization* 54, 4 (Autumn): 825-844.

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.

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

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

## **WEEK 6: 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.

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.

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.

## **WEEK 7: FOREIGN DIRECT INVESTMENT ("Critical Review" paper due)**

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.

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

Allee, Todd, and Clint Peinhardt. 2011. "[Contingent Credibility: The Impact of Investment Treaty Violations on Foreign Direct Investment.](#)" *International Organization* 65(3): 401-432.

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

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

## **WEEK 8: CAPITAL MOBILITY, EXCHANGE RATES, AND THE IMF**

Broz, J. Lawrence and Jeffrey A. Frieden. 2001. "[The Political Economy of International Monetary Relations.](#)" *Annual Review of Political Science* (4): 317 -343.

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.

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.

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. 2002. "[Political System Transparency and Monetary Commitment Regimes.](#)" *International Organization* 56 (4):863-889.

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

## **WEEK 9: POLICY LINKAGES**

Davis, Christina. 2004. "[International Institutions and Issue Linkage: Building Support for Agricultural Trade Liberalization.](#)" *American Political Science Review* 98, 1 (February): 153-169.

Copelovitch, Mark S. and Jon C.W. Pevehouse. 2015. "[Bridging the Silos: Trade and Exchange Rates in International Political Economy.](#)" In *The Oxford Handbook of the Political Economy of International Trade*. Edited by Lisa Martin. Oxford University Press.

Jensen, J. Bradford, Dennis P. Quinn, and Stephen Weymouth. 2015. "[The Influence of Firm Global Supply Chains and Foreign Currency Undervaluations on US Trade Disputes.](#)" *International Organization*. Published online: 22 July 2015: 1-35.

Bernhard, William. T. and David Leblang. 2016. "[Sovereign Debt, Migration Pressure, and Government Survival.](#)" *Comparative Political Studies* 49 (7): 907-938.

Peters. Margaret E. 2015. "[Open Trade, Closed Borders Immigration in the Era of Globalization.](#)" *World Politics* 67, 1 (January): 114-154.

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.

## **WEEK 10: NEW TOPICS**

David Autor, David Dorn, Gordon Hanson, and Kaveh Majlesi. 2016. "[Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure.](#)" April 23, 2016.

Ehrlich, Sean D. 2010. "[The Fair Trade Challenge to Embedded Liberalism.](#)" *International Studies Quarterly* 54 (4): 1013–1033.

Keohane, Robert O. and David G. Victor. 2016. "[Cooperation and Discord in Global Climate Policy.](#)" *Nature Climate Change*. Published online 09 May 2016

Tingley, Dustin and Michael Tomz. 2014. [“Conditional Cooperation and Climate Change.”](#) *Comparative Political Studies*. 47(3), 344-368.

Copelovitch, Mark, Jeffrey Frieden, and Stefanie Walter. 2016. [“The Political Economy of the Euro Crisis.”](#) *Comparative Political Studies* 49 (7): 811-840.

Frieden, Jeffrey. 2016. [“The Governance of International Finance.”](#) *Annual Review of Political Science* 19

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