

# INTERNATIONAL POLITICAL ECONOMY—SPRING 2012

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Classroom: Cupples II L007

## DESCRIPTION

This course is one of a series of classes in the IPE graduate sequence. This course will focus on: 1) the politics of international trade, 2) foreign direct investment, and 3) the relationship between globalization and domestic policies. The goal of the class is to introduce you to these substantive literatures and develop tools to engage in your own original research. The reading load will be heavy at times. I warned you.

## CONTACT INFORMATION AND OFFICE HOURS

My office hours are from 2-3 on Wed (before class) or by email appointment. Don't call and leave a message (I will never get back to you).

## REQUIREMENTS AND EXPECTATIONS

20% Class participation.

Preparing for class and engaging in class discussion is a requirement for this course. We have no formal presentations, but you are expected to have done the reading and participate in discussion. This usually requires taking extensive notes and/or reviewing the readings a second time before class.

10% Article Review (3 pages double-spaced): Due in class on Feb 8<sup>th</sup>

Your first assignment is to provide a critique of one of the Feb 8<sup>th</sup> reading assignments. The goal is to write this like a review for a journal. At a minimum this should include: 1) a very brief review of the main argument, 2) comments and criticisms of the theory, 3) comments and criticisms on the empirical analysis, and 4) some suggested changes.

20% Research Design I (5-6 pages, double spaced). Due in class on Feb 22<sup>nd</sup>

Your second assignment is to select a paper from the Feb 22<sup>nd</sup> readings and explain how you would improve the paper. This requires that you first provide an overview, some criticisms and then spend the final 3 pages or so on how you would improve the paper. This could include a very detailed series of changes, or a new theory/research design to test the theory forwarded in the paper.

20% Research Design II (5-6 pages, double spaced): Due in class on March 7<sup>th</sup>

Your third assignment is to pick a topic that we have covered in the course (such as how electoral institutions affect trade protection) and draft a memo. Your 5-6 pages should very briefly discuss the relevant literature from the class readings (first 2 pages or so) and then present your own research idea. This will be a hard assignment that will really require you to think creatively.

30% Option A: (first and second year Students) Practice Qualifying Exam Questions. Due via email by May 1. You will be given two questions similar to previous IPE qualifying exam questions. This is open book and open note, but the idea is to help you simulate taking a qualifying exam.

Option B: (advanced students) You can revise a previous paper from another course. You must submit the original version of the paper to me at the beginning of the semester and outline your plan for revisions. Due via email on May 1.

### **POLICY ON LATE ASSIGNMENTS AND INCOMPLETES**

Graduate students often ask for an extra time to complete an assignment or to take an incomplete in the course. The logic is usually that you had something unexpected come up and/or with more time you would produce a higher quality project. My experience (and that of most of the faculty) is that incompletes allow graduate students to dig themselves into a hole that they spend the rest of their graduate student careers trying to get out of the hole. I do not accept late papers (or offer extensions) and will not offer incompletes.

### **READINGS**

All of the readings are available via Telesis. Send me an email if you have problems.

### **RESEARCH DESIGN AND BACKGROUND**

#### **January 18: Hello.**

Lake, David A. 2007. International Political Economy: A Maturing Interdiscipline. in *The Oxford Handbook of Political Economy*

#### **January 25: Case selection, counterfactuals and empirics.**

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).

Fearon, James. 1991. Counterfactuals and Hypothesis Testing in Political Science. *World Politics*.

Geddes, Barbara. 1990. How the Cases you Choose Affect the Answers You Get. *Political Analysis*

McDermott, Rose. Experimental Methodology in Political Science. 2002. *Political Analysis*

Dunning, Thad. 2008. Improving Causal Inference: Strengths and Limitations of Natural Experiments. *Political Research Quarterly*.

Odell, John S. 2001. Case Study Methods in International Political Economy. *International Studies Perspectives* 2: 161-176.

### **TRADE AND TRADE PROTECTIONISM**

#### **Feb 1: Some Trade Background Reading**

Freeman, Richard B. 1995. Are Your Wages Set in Beijing? *Journal of Economic Perspectives*

Krueger, Anne O. 1974. The Political Economy of the Rent-Seeking Society. *American Economic Review*

Daron Acemoglu and James A. Robinson. 2001. Inefficient Redistribution. *American Political Science Review*

Fearon, James D. 1998. Bargaining, Enforcement, and International Cooperation. *International Organization*

Frieden, Jeffrey and Ronald Rogowski. 1996. The Impact of the International Economy on National Politics: An Analytic Overview. In Keohane and Milner, *Internationalization and Domestic Politics*. Cambridge University Press.

### **February 8: Trade Policy Preferences**

*Article Review Due in Class*

Rogowski, Ronald. 1987. Political Cleavages and Changing Exposure to Trade. *American Political Science Review*

Scheve, Kenneth F. and Matthew J. Slaughter. 2001. What Determines Individual Trade-Policy Preferences. *Journal of International Economics*

Mayda, Anna Maria and Dani Rodrik. 2005. Why are some people (and countries) more protectionist than others? *European Economic Review*

Hainmueller, Jens and Michael J. Hiscox. 2006. Learning to Love Globalization: Education and Individual Attitudes toward International Trade. *International Organization*

Guisinger, Alexandra. 2009. Determining Trade Policy: Do Voters Hold Politicians Accountable?" *International Organization* 63 (3): 533-557.

Xiaobo Lü, Kenneth F. Scheve, Matthew J. Slaughter. 2011. Envy, Altruism, and the International Distribution of Trade Protection. NBER Working Paper.

### **February 15: Institutions and Trade (United States)**

Lohmann, Susanne and Sharyn O'Halloran. 1994. Divided Government and U.S. Trade Policy: Theory and Evidence. *International Organization*

Gilligan, Michael. 1997. *Empowering Exporters*, Reciprocity and American Trade Policy. (Pages 61-92).

Hiscox, Michael J. 1999. The Magic Bullet? The RTAA, Institutional Reform and Trade Liberalization. *International Organization*.

Hiscox, Michael J. 2002. Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation. *American Political Science Review*

David Karol. 2007. "Does Constituency Size Affect Elected Officials' Trade Policy Preferences?" *Journal of Politics*

Jensen, Nathan and Jong Hee Park. Where's the Beef? The Political Economy of U.S. Agricultural Policy. *The Political Economist*.

### **February 22: Institutions and Trade II (Cross-National)**

*Research Design I Due in Class*

Putnam, Robert. 1988. Domestic Institutions and the Credibility of International Commitments. *International Organization*

McGillivray, Fiona. 1997. Party Discipline as a Determinant of the Endogenous Formation of Tariffs. *American Journal of Political Science*

Alt, James, Fredrik Carlsen, Per Heum and Koere Johansen. 1999. Asset Specificity and the Political Behavior of Firms: Lobbying for Subsidies in Norway". *International Organization* 53-1: 99-116.

Kono, Daniel. 2006. Optimal Obfuscation: Democracy and Trade Policy Transparency. *American Political Science Review*.

McGillivray, Fiona and Alastair Smith. 2004. The Impact of Leadership Turnover on Trading Relations Between States. *International Organization*.

### **February 29: International Institutions and Trade**

Martin, Lisa and Beth Simmons. 1998. Theories and Empirical Studies of International Institutions. *International Organization*

Ruggie, John G. 1982. International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order. *International Organization*

Busch, Marc and Eric Reinhardt. 2004. The WTO Dispute Settlement Mechanism and Developing Countries.

Rosendorff, B. Peter and Helen V. Milner. 2001. The Optimal Design of International Trade Institutions: Uncertainty and Escape. *International Organization*

Edward Mansfield and Eric Reinhardt. 2008. International Institutions and the Volatility of Trade. *International Organization*

Tomz, Michael, Judith Goldstein, and Douglas Rivers. 2008. Do We Really Know That the WTO Increases Trade? *American Economic Review*.

## **MULTINATIONAL FIRMS AND FOREIGN DIRECT INVESTMENT**

### **March 7: Core and Background**

*Research Design II Due in Class*

Markusen, James R. 1995. The Boundaries of Multinational Enterprises and the Theory of International Trade. *Journal of Economic Perspectives*

Frieden, Jeffrey A. 1991. Invested Interests: The Politics of National Economic Policies in a World of Global Finance. *International Organization*

Helpman, Elhanan. 2006. "Trade, FDI, and the Organization of Firms. *Journal of Economic Literature*

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): 662-74.

### **March 14: Spring Break**

### **March 21: Selected Readings**

Incorporate readings from CPE speakers: Susan Hyde, Kevin Morrison, David Singer, Jonathan Rodden, David Singer, and Francesco Squintani.

### **March 28: Political Risk**

North, Douglas and Barry Weingast. 1989. Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in 17<sup>th</sup> Century England. *Journal of Economic History*

Tomz, Michael. 2007 Domestic Audience Costs in International Relations: An Experimental Approach. *International Organization*.

Henisz, Witold. 2000. The Institutional Environment for Multinational Investment. *Journal of Law Economics & Organization*

Li, Quan and Adam Resnick. 2003. Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Flows to Developing Countries. *International Organization*

Jensen, Nathan. 2008. Political Regimes and Political Risk: Democratic Institutions and Expropriation Risk for Multinational Investors. *Journal of Politics*

Johnston, Noel. 2012. TBA

### **April 4: Political Influence (United States)**

Grossman, Gene M. and Elhanan Helpman. 1994. Protection for Sale. *American Economic Review* 84 (4):833-850.

Milner, Helen. 1988. Trading Places: Industries for Free Trade. *World Politics* 40 (3): 350-376.

Goodman et al. 1996. Foreign Direct Investment and the Demand for Protection in the United States. *International Organization*

Ansolahebere, Stephen, John M. de Figueiredo, and James M. Snyder Jr. Why is There so Little Money in U.S. Politics? 2003. *Journal of Economic Perspectives*.

Hansen, Wendy L. And Neil J, Mitchell. 2000. Disaggregating and explaining corporate political activity: Domestic and Foreign Corporations in National Politics. *American Political Science Review*

Gordon, Sanford and Catherine Hafer. 2007. Corporate Influence and the Regulatory Mandate. *Journal of Politics*

**April 11: Political Influence: Cross-National**

Greico, Joseph. 1982 Between Dependence and Autonomy: India's Experience with the International Compute Industry. *International Organization*

Kobrin, Steven. 1987. Testing the Bargaining Hypothesis in the Manufacturing Sector in Developing Countries. *International Organization*.

Malesky, Edmund. 2008. Straight Ahead on Red: How Foreign Direct Investment Empowers Subnational Leaders. *Journal of Politics* 70 (1): 97-199.

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

Faccio, Mara et al. 2006. Political Connections and Corporate Bailouts. *The Journal of Finance*.

**April 18: Globalization and Corruption**

Andrei Schleifer and Robert W. Vishney. 1993. Corruption. *Quarterly Journal Economics*

Wei, Shang-Jin. 2000. How Taxing is Corruption on International Investors? *Review of Economic and Statistics* 82: 1-11.

Tresiman, Daniel. 2000. The Causes of Corruption: A Cross National Study. *Journal of Public Economics* 73.3: 399-457.

Gerring, John, and Thacker Strom. 2005. Do Neoliberal Policies Deter Political Corruption? *International Organization* 59: 233-54.

Dimitar Gueorguiev, Edmund Malesky, and Nathan Jensen. 2011. Rent(s) Asunder: Sectoral Rent Extraction Possibilities and Bribery by Multinational Corporations. Working Paper.

Pinto, Pablo, and Boliang Zhu. 2008. *Fortune or Evil? The Effects of Inward Foreign Direct Investment on Corruption*. Saltzman Institute of War and Peace Studies (SIWPS) Working Paper No. 10 (December).

Braguinsky, Serguey and Sergey V. Mityakov. 2012. Foreign Corporations and the Culture of Transparency: Evidence from Russian Administrative Data. NBER Working Paper.

**April 25: Capital Mobility and the State**

Leamer, Edward. 2007. A Flat World, a Level Playing Field, a Small World After All, or None of the Above? A Review of Thomas L. Friedman's *The World is Flat*. *Journal of Economic Literature*.

Basinger, Scott and Mark Hallerberg. 2004. Remodeling the Competition for Capital: How Domestic Politics Erases the Race-to-the-Bottom." *American Political Science Review*.

Wibbels, Erik. 2006. Dependency Revisited: International Markets, Business Cycles, and Social Spending in the Developing World. *International Organization*

Clark, William Roberts and Mark Hallerberg. 2000. Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy. *American Political Science Review*

Timothy T. Hellwig, Timothy, Eve Ringsmuth, and John R. Freeman. 2008. The American Public and the Room to Maneuver: Responsibility Attributions and Policy Efficacy in an Era of Globalization. *International Studies Quarterly*