

**Government 2755**  
**International Political Economy**  
Professor Jeffrey Frieden  
Spring 2018

Mondays, 4 – 6 PM,  
Course website: <https://canvas.harvard.edu/courses/37096>

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Office hours Tuesdays 10-11.30, 2-3.30, sign up at <http://tinyurl.com/3frmbb>  
CGIS K-211

This course is a research seminar in international political economy. It considers major areas in the politics of foreign economic policy. It is not a general survey course, although the range of issues covered is quite broad. We do not spend a great deal of time considering "classics" in IPE or the historical development of the field. I hope that this course will generate ideas for your own research.

*Readings:* Readings are posted on the course website.

*Course requirements:* Students must come to class having done the readings and prepared to discuss the topics in depth. Some weeks, some readings (those marked with an asterisk) will be divided among class members, who will report on them. The written requirement for this course is an article-length research paper, due **May 2**. A one-page outline of this paper is due **April 2**.

Students are urged to complete their papers in time to receive credit for the course (i.e., by May 2), to avoid getting an incomplete. Students who do not complete their papers by the beginning of the Fall 2018 semester will have to provide strong justification for further delay (for example, the need for field research or time to collect data).

**January 22 Introduction: Interests, Interactions, Institutions**

**January 29 IPE: Theory and History**

Jeffrey Frieden, "The modern capitalist world economy: A historical overview," *Oxford Handbook of Capitalism* Ed. Dennis Mueller (New York: Oxford University Press, 2012)

Jeffrey Frieden and Ronald Rogowski, "Modern Capitalism: Enthusiasts, Opponents, and Reformers," *The Cambridge History of Capitalism* Ed Jeffrey Williamson (New York: Cambridge University Press, 2014)

Stephen D. Krasner, "State Power and the Structure of International Trade," *World Politics* 28 (1976)

John G. Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization*, 36 (Spring 1982)

David A. Lake, "Open economy politics: A critical review," *Review of International Organizations* 4 (2009), pages 219-244

**February 5 International Trade – Interests**

Gene Grossman and Elhanan Helpman, "Protection for Sale," *American Economic Review* 84 (1994): 833-850. [Skim this: Gawande et al. below has a very accessible summary of the G-H model]

K. Gawande, P. Krishna, and M. Olarreaga, "What Governments maximize and Why: A View from Trade," *International Organization* 63 (Summer 2009): 491-532.

Ronald Rogowski, "Trade, Immigration, and Cross-Border Investment," in *The Oxford Handbook of Political Economy* Ed. Barry Weingast and Donald Wittman (New York: Oxford University Press, 2006), pages 814-828

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

In Song Kim, "Political Cleavages within Industry: Firm-level Lobbying for Trade Liberalization," *American Political Science Review* 111, No. 1 (February 2017), pages 1-20.

Iain Osgood, "The Breakdown of Industrial Opposition to Trade: Firms, Product Variety and Reciprocal Liberalization," *World Politics* 69, No. 1 (2017), pages 184-231.

Kerry Chase, "Economic Interests and Regional Trading Arrangements: The Case of NAFTA," *International Organization* 57: 1 (Winter 2003), pp. 137-74

\*Ben Fordham, "Revisionism Reconsidered: Exports and American Intervention in World War I," *International Organization*, 61, No. 2 (2007), 277-310.

\*Andy Baker, "Who Wants to Globalize? Consumer Tastes and Labor Markets in a Theory of Trade Policy," *American Journal of Political Science*, Vol. 49, No. 4 (Oct., 2005), pp. 924-938

\*Mary Anne Madeira, "New trade, new politics: Intra-industry trade and domestic political coalitions," *Review of International Political Economy* 23, No. 4 (August 2016), pages 677-711

\*Erica Owen and Noel P. Johnston, "Occupation and the Political Economy of Trade: Job Routineness, Offshorability, and Protectionist Sentiment," *International Organization* 71, No. 4 (Fall 2017), pages 665-699

## **February 12 International Trade – Institutions and Interactions**

Douglas Irwin, "Antebellum Tariff Politics: Regional Coalitions and Shifting Economic Interests," *Journal of Law and Economics* 51, No. 4 (November 2008), pp. 715-741

Michael Bailey, Judith Goldstein, and Barry Weingast, "The Institutional Roots of American Trade Policy." *World Politics* (1997), pp. 309-38.

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

Stephanie Rickard, "Electoral Systems and Trade," in *Handbook of the Political Economy of International Trade* Ed. Lisa Martin (Oxford: Oxford University Press, 2015)

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

Joanne Gowa and Edward D. Mansfield, "Power Politics and International Trade," *The American Political Science Review* Vol. 87, No. 2 (June 1993), pp. 408-420

\*Yotam Margalit, "Costly Jobs: Trade-related Layoffs, Government Compensation, and Voting in U.S. Elections," *American Political Science Review* 105, No. 1 (February 2011)

\*J. Bradford Jensen, Dennis Quinn, and Stephen Weymouth, "Winners and Losers in International Trade: The Effects on U.S. Presidential Voting," *International Organization* 71, No. 3 (Summer 2017): 423-457.

\*James Feigenbaum and Andrew Hall, "How Legislators Respond to Localized Economic Shocks: Evidence from Chinese Import Competition," *Journal of Politics* 77, No. 4 (2015)

\*Paola Conconi, Giovanni Facchini, and Maurizio Zanardi, "Policymakers' Horizon and Trade Reforms," *Journal of International Economics* 94, No. 1 (September 2014): 102-118

**February 19 Presidents' Day – No class**

## **February 26 Money and Exchange Rates – Interests**

Maurice Obstfeld and Alan Taylor, "International Monetary Relations: Taking Finance Seriously," *Journal of Economic Perspectives* 31, No. 3 (Summer 2017), pages 3-28

Jeffrey Frieden, *Currency Politics: The Political Economy of Exchange Rate Policy*, (Princeton: Princeton University Press, 2015). Preface, Introduction, and Chapter 1, pages vii-48

J. Lawrence Broz and Jeffrey Frieden, "The Political Economy of Exchange Rates," in Barry Weingast and Donald Wittman, editors, *The Oxford Handbook of Political Economy* (New York: Oxford University Press, 2006), pages 587-597

J. Lawrence Broz and Seth H. Werfel, "Exchange Rates and Industry Demands for Trade Protection," *International Organization*, 68 (2014), pp 393-416

J. Bradford Jensen, Dennis P. Quinn and Stephen Weymouth, "The Influence of Firm Global Supply Chains and Foreign Currency Undervaluations on US Trade Disputes," *International Organization*, 69(2015), pp 913-947

\*Eric Helleiner and Anton Malkin, "Sectoral Interests and Global Money: Renminbi, Dollars and the Domestic Foundations of International Currency Policy," *Open Economies Review* 23 (2012), pages 33-55

## **March 5 Money and Exchange Rates – Institutions and Interactions**

J. Lawrence Broz, "Political System Transparency and Monetary Commitment Regimes," *International Organization* 56:4 (Autumn 2002), pp. 863-889.

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

David Bearce and Mark Hallerberg, "Democracy and De Facto Exchange Rate Regimes," *Economics and Politics* 23, No. 2 (2011), 172-194.

J. Lawrence Broz and Jeffrey Frieden, "The Political Economy of International Monetary Policy Coordination" in *Handbook of Safeguarding Global Financial Stability*, Gerard Caprio et al., editors (UK: Academic Press, 2013)

Beth Simmons, "International Law and State Behavior: Commitment and compliance in international monetary affairs," *American Political Science Review*, 94, No. 4 (2000): 819-35

\*Mark Copelovitch, Jeffrey Frieden, and Stefanie Walter, "The Political Economy of the Euro Crisis," *Comparative Political Studies* 47, no. 7 (2016): 811-840

\*Joseph Jupille and David Leblang, "Voting for Change: Calculation, Community, and Euro Referendums," *International Organization* 61, Fall 2007, pp 763–82

**March 12     Spring break – No class**

**March 19     Foreign Direct Investment**

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

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

Witold Henisz, "The Institutional Environment for Multinational Investment," *Journal of Law, Economics, and Organization* 16:2 (2000): pp. 334-364

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

Zachary Elkins et al. "Competing for Capital: The Diffusion of Bilateral Investment Treaties, 1960-2000," *International Organization*, 60, No. 4 (2006): 811-46

Kenneth Scheve and Matthew J. Slaughter, "Economic Insecurity and the Globalization of Production," *American Journal of Political Science* 48, No. 4 (2004): 662-674

**March 26 Finance and Debt -- Theory and History**

Juan Carlos Hatchondo and Leonardo Martinez. 2010. The Politics of Sovereign Defaults. *Federal Reserve Bank of Richmond Economic Quarterly* 96 (3), 291-317.

Stasavage, D. 2007. "Cities, Constitutions and Sovereign Borrowing in Europe, 1274-1785." *International Organization*, 61 (3), 489-525.

Allan Drazen. 2002. Conditionality and Ownership in IMF Lending: A Political Economy Approach. *IMF Staff Papers* 49 (November), pp. 36-67

David Stasavage, "What We Can Learn From the Early History of Sovereign Debt?" *Explorations in Economic History* (2016).

\*J. Lawrence Broz, "Partisan Financial Cycles," In *Politics in the New Hard Times: The Great Recession in Comparative Perspective*. Edited by David A. Lake and Miles Kahler (Ithaca, NY: Cornell University Press, 2013)

\*Jeffrey Frieden, "The Governance of International Finance," *Annual Review of Political Science* 19 (2016).

\*\*\* One-page outline of research paper due April 2\*\*\*

**April 2 Alternative views of the IPE: Social Constructivism  
(Guest presentation: Rawi Abdelal, Harvard Business School)**

Abdelal, Rawi, Mark Blyth, and Craig Parsons. 2011. *Constructing the international economy*. Ithaca, N.Y.: Cornell University Press. Introduction, plus Chs. 1, 5 and 6.

Abdelal, Rawi. 2007. *Capital rules : the construction of global finance*. Cambridge, Mass.: Harvard University Press. Chs. 1 and 2.

**April 9      Finance and Debt – Empirical Studies**

Michael Tomz and Mark Wright, "Empirical Research on Sovereign Debt and Default" *Annual Review of Economics* volume 5 (2013): 247–72

Broz, J. L. 2005. "Congressional Politics of International Financial Rescues." *American Journal of Political Science*, 49 (3), 479-96.

Thomas B. Pepinsky. 2013. The domestic politics of financial internationalization in the developing world, *Review of International Political Economy*, 20:4, 848-880

Mark Copelovitch. 2010. Master or Servant? Common Agency, Preference Heterogeneity, and the Political Economy of IMF Lending. *International Studies Quarterly* 54(1): 49-77.

Teri Caraway, Stephanie Rickard, and Mark Anner, "International Negotiations and Domestic Politics: The Case of IMF Labor Market Conditionality," *International Organization* 66 (Winter 2012), pages 27-61

Layna Mosley. 2000. "International Financial Markets and National Welfare States." *International Organization* 54: 4 (Autumn): 737-74

\*Benjamin Hébert and Jesse Schreger, "The Costs of Sovereign Default: Evidence from Argentina," *American Economic Review* 107, No. 10 (October 2017), pages 3119-3145

**April 16      Financial, currency, and banking crises**

Reinhart, Carmen M., and Kenneth S. Rogoff. 2014. Recovery from Financial Crises: Evidence from 100 Episodes. *American Economic Review*, 104(5): 50-55.

Stefanie Walter, "Crisis Politics in Europe: Why Austerity Is Easier to Implement in Some Countries Than in Others," *Comparative Political Studies*, 47, no. 7 (2016)

Manuel Funke, Moritz Schularick, and Christoph Trebesch, "Going to Extremes: Politics After Financial Crises, 1870-2014," *European Economic Review* 88 (September 2016), pages 227-260

Atif Mian, Amir Sufi, and Francesco Trebbi. 2014. "Resolving Debt Overhang: Political Constraints in the Aftermath of Financial Crises." *American Economic Journal: Macroeconomics*, 6(2): 1-28.

Atif Mian, Amir Sufi, and Francesco Trebbi. 2010. "The Political Economy of the US Mortgage Default Crisis." *American Economic Review*, 100(5): 1967-98.

### **April 23      Immigration**

Scheve, K. and Slaughter, M. 2001. "Labor market competition and individual preferences over immigration policy." *Review of Economics and Statistics* 83(1), 133-145.

Gordon Hanson, et al. 2007. "Public Finance and Individual Preferences Over Globalization Strategies." *Economic and Politics*, 19 (1), 1-33.

Christian Dustmann and Ian Preston. 2007. Racial and Economic Factors in Attitudes to Immigration. *The B.E. Journal of Economic Analysis and Policy*. 7:1, 1-39.

Jens Hainmueller and Michael J. Hiscox. Attitudes Towards Highly Skilled and Low Skilled Immigration: Evidence from a Survey Experiment, *American Political Science Review*, Vol. 101, No. 4 (February 2010): 61-84.

Margaret Peters, "Trade, Foreign Direct Investment and Immigration Policy Making in the US." 2014 (Fall). *International Organization* 68 (4).

Hatton, Timothy, and Jeffrey G. Williamson. 2007. A Dual Policy Paradox: Why have Trade and Immigration Policies always Differed in Labor-Scarce Economies? In T.J. Hatton. K. H. O'Rourke and A. M. Taylor (eds.), *The New Comparative Economic History*. Cambridge Mass: MIT Press.

### **April 30 (reading period)**