

Government 2755
International Political Economy
Professor Jeffrey Frieden
Spring 2020

Mondays, 3 – 5 PM

Course website: <https://canvas.harvard.edu/courses/64773>

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Sign up at <http://tinyurl.com/FriedenOHtool>

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. The emphasis of the course is on contemporary research topics, rather than "classics" in IPE or the historical development of the field, in the hope that this helps you 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 circulate a brief report on them in advance of class. The written requirement for this course is an article-length research paper, due **May 2**. A one-page statement of your research question, argument and/or empirical strategy is due **April 6**.

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 2020 semester will have to provide strong justification for further delay (for example, the need for field research or time to collect data).

January 27 Introduction: Interests, Interactions, Institutions

February 3 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)

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

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

*David A. Lake, "Leadership, Hegemony, and the International Economy: Naked Emperor or Tattered Monarch with Potential," *International Studies Quarterly*, 37, 4 (December 1993): 459-89.

February 10 International Trade – Interests

SKIM: 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, 2008), pages 814-828

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.

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

Anna Maria Mayda and Dani Rodrik, "Why are some people (and countries) more protectionist than others?" *European Economic Review* 49 (2005)

*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

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

*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.

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

*Erica Owen, "Labor and Protectionist Sentiment," in *Handbook of the Political Economy of International Trade* Ed. Lisa Martin (Oxford: Oxford University Press, 2015)

*Melinda N. Ritchie and Hye Young You, "Trump and Trade: Protectionist Politics and Redistributive Policy," working paper, 2019.

February 17 Presidents' Day – No class

February 24 International Trade – Institutions and Interactions

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.

Leslie Johns and Lauren Peritz, "The Design of Trade Agreements," in *Handbook of the Political Economy of International Trade* Ed. Lisa L. Martin (Oxford: Oxford University Press, 2015)

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

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

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

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

*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.

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

March 2 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

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 9 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.

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)

Jeffrey Frieden and Stefanie Walter, "Understanding the Political Economy of the Eurozone Crisis," *Annual Review of Political Science* 20 (2017).

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

*J. Lawrence Broz, Maya Duru, and Jeffrey Frieden, "Policy Responses to Balance-of-Payments Crises: The Role of Elections," *Open Economies Review* 27, No. 2 (2016).

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

March 16 Spring break – No class

March 23 Foreign Direct Investment

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

Leslie Johns and Rachel Wellhausen, "Under One Roof: Supply Chains and the Protection of Foreign Investment," *American Political Science Review*, 110, No. 1 (February 2016), 31-51

Sarah Bauerle Danzman, "The Political Economy of Bilateral Investment Treaties," in *Research Handbook on Foreign Direct Investment*, ed. Markus Krajewski (Cheltenham, UK: Edward Elgar)

Rachel L. Wellhausen, "International Investment Law and Foreign Direct Reinvestment," *International Organization* 73, Fall 2019, pp. 839–58

- *Jeffrey Frieden, "International Investment and Colonial Control: A New Interpretation," *International Organization* 48:4 (Autumn 1994), pp. 559-593
- *Zachary Elkins, Andrew T. Guzman, and Beth A. Simmons, "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
- * Iain Osgood, "Globalizing the Supply Chain: Firm and Industrial Support for US Trade Agreements," *International Organization* 72, Spring 2018, pp. 455-484

March 30 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.
- David Stasavage, "What We Can Learn From the Early History of Sovereign Debt?" *Explorations in Economic History* (2016).
- Reinhart, Carmen M., and Kenneth S. Rogoff. 2014. Recovery from Financial Crises: Evidence from 100 Episodes. *American Economic Review*, 104(5): 50-55.
- Allan Drazen. 2002. Conditionality and Ownership in IMF Lending: A Political Economy Approach. *IMF Staff Papers* 49 (November), pp. 36-67
- *David Stasavage. 2007. "Cities, Constitutions and Sovereign Borrowing in Europe, 1274-1785." *International Organization*, 61 (3), 489-525.
- *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 6***

**April 6 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 13 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.

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

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)

*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
- *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
- *Ben Ansell, J. Lawrence Broz, and Thomas Flaherty, "Global capital markets, housing prices, and partisan fiscal policy," *Economics and Politics* 30, No. 3 (November 2018)

April 20 Immigration

- Ken Scheve and Matt Slaughter. 2001. "Labor market competition and individual preferences over immigration policy." *Review of Economics and Statistics* 83(1), 133-145.
- Gordon Hanson, Ken Scheve, and Matt Slaughter. 2007. "Public Finance and Individual Preferences Over Globalization Strategies." *Economic and Politics*, 19 (1), 1-33.
- Margaret Peters, "Trade and Migration," in *Handbook of the Political Economy of International Trade* Ed. Lisa L. Martin (Oxford: Oxford University Press, 2015)
- Nicole Rae Baerg, Julie L. Hotchkiss, and Myriam Quispe-Agnoli, "Documenting the unauthorized: Political responses to unauthorized immigration," *Economic and Politics* 30, No. 1 (2018)
- *Margaret Peters, "Trade, Foreign Direct Investment and Immigration Policy Making in the US." 2014 (Fall). *International Organization* 68 (4).

*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.

*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.

April 27 Backlash against globalization

Dani Rodrik, "Populism and the economics of globalization," *Journal of International Business Policy* (2018)

Italo Colantone 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 (October): 936-953.

Erica Owen & Stefanie Walter (2017) "Open economy politics and Brexit: insights, puzzles, and ways forward," *Review of International Political Economy*, 24:2, 179-202

Stefanie Walter, "Globalization and the Demand-Side of Politics: How Globalization Shapes Labor Market Risk Perceptions and Policy Preferences," *Political Science Research and Methods* 5, No. 1 (January 2017). Pages 55-80

Diana C. Mutz. 2018. "Status Threat, not Economic Hardship, Explains the 2016 Presidential Vote." *Proceedings of the National Academy of Sciences* 115 (19): 4330-4339.

*J. Lawrence Broz, Jeffrey Frieden, and Stephen Weymouth, "Populism in Place: The Economic Geography of the Globalization Backlash," working paper (2019)

May 4 (reading period)