

University of California, San Diego
Fall 2003
Monday 10:00 - 12:50 pm, SSB 104
<http://weber.ucsd.edu/~jlbroz/Courses/PS245>

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PS245 INTERNATIONAL POLITICAL ECONOMY

The purpose of this seminar is to read and discuss recent research in international political economy. The seminar covers five types of cross-border flows and the government policies that regulate them: the flow of *goods* (trade policy), the flow of *capital* (capital controls and exchange-rate policy), the flow and location of *production* (foreign investment policy), the flow of *people* (immigration policy), and the flow of *pollutants* (environmental policy).

Substantively, this is a specialized graduate seminar with a reading list that is relatively concise and largely empirical. Nonetheless, participants cover a wide range of relevant topics and approaches. Analytically, the seminar draws as much from the field of economics as it does from political science. We use economic theory to help us to identify the welfare (benefits and costs) and distributional (winners and losers) implications of alternative public policies toward the world economy. Political science, in turn, provides tools for analyzing how voters, interest groups, political parties, politicians, and bureaucrats interact within political institutions to shape policy outcomes.

Formal requirements, in addition to participation in class discussion, include:

(1) One short paper (5-7 pages) on an assigned topic and a 15 page research proposal

-- or --

(2) Three short papers (5-7 pages) on assigned topics

Written work composes 75% of the course grade. (For students interested in writing a research proposal, see the attached "Research Proposal Template"). The remaining 25% of your grade is earned by seminar participation. Students will be assigned to introduce and lead the weekly discussions. See the attached "Template for Weekly Presentations" for guidelines.

Late policy: All late work will be penalized at the rate of 1/3 letter grade per day, including weekends (e.g., a "B" paper one day late will earn a "B-").

Some background in international economics and political science is helpful but not required. Students might need a basic international economics textbook, such as Krugman and Obstfeld, *International Economics*, 5th ed. or Caves, Frankel, and Jones, *World Trade and Payments*, 9th ed. All other readings will be available online and/or in a reader.

WEEK 1, SEP 29 ORIENTATION AND BACKGROUND

Jeffrey Frankel, [“Globalization of the Economy.”](#) in *Governance in a Globalizing World*. Edited by Joseph S. Nye and John D. Donahue, pp. 45-71 (Washington, DC: Brookings Institution Press, 2000)

Geoffrey Garrett, [“The Causes of Globalization.”](#) *Comparative Political Studies* 33, 6/7 (Aug/Sep 2000):941-92.

WEEK 2, OCT 6 THEORETICAL ISSUES

Jeffrey A. Frieden and Ronald Rogowski, “The Impact of the International Economy on National Policies: An Analytical Overview.” In *Internationalization and Domestic Politics*, edited by Robert O. Keohane and Helen V. Milner (New York: Cambridge University Press, 1996):25-47

James E. Alt and Michael Gilligan, "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions," *Journal of Political Philosophy* 2, 2 (1994):165-92.

Joanne Gowa, ["Public Goods and Political Institutions: Trade and Monetary Policy Processes in the United States,"](#) *International Organization* 42, 1 (Winter 1988):15-32.

James E. Alt, Jeffrey Frieden, Michael J. Gilligan, Dani Rodrik, and Ronald Rogowski, [“The Political Economy of International Trade: Enduring Puzzles and an Agenda for Inquiry.”](#) *Comparative Political Studies* 29, 6 (December 1996), 689-717.

Jeffrey Frieden and Lisa Martin, [“International Political Economy: The State of the Sub-Discipline.”](#) In Ira Katznelson and Helen Milner, *Political Science: The State of the Discipline* (New York: W.W. Norton, 2002).

James D. Fearon, ["Bargaining, Enforcement, and International Cooperation."](#) *International Organization* 52, 2 (Spring 1998):269-305.

WEEK 3, OCT 13 TRADE POLICY: FACTORS AND SECTORS, VOTERS AND POLITICANS

Jeffrey G Williamson, [“Globalization and Inequality, Past and Present.”](#) *The World Bank Research Observer* 12, 2 (August 1997):117-36.

Ronald Rogowski, ["Political Cleavages and Changing Exposure to Trade,"](#) *American Political Science Review* 81, 4 (December 1987):1121-1137.

Stephen Magee, "Three Simple Tests of the Stolper-Samuelson Theorem," in Stephen P. Magee, William Brock, and Leslie Young, *Black Hole Tariffs and Endogenous Policy Theory* (Cambridge: Cambridge University Press, 1989):101-110.

Michael J. Hiscox, "[Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation.](#)" *American Political Science Review* 96, 3 (September 2002):593-608.

Kenneth F. Scheve and Matthew J. Slaughter, "[What Determines Individual Trade-Policy Preferences?](#)" *Journal of International Economics* 54 (2001):267-92.

Pushan Dutt and Devashish Mitra, "[Political Ideology and Endogenous Trade Policy: An Empirical Investigation.](#)" *NBER Working Paper 9239* (October 2002).

Gene M. Grossman and Elhanan Helpman, "[Protection for Sale.](#)" *American Economic Review* 84, 4 (September 1994):833-50.

Kishore Gawande and Pravin Krishna "[The Political Economy of Trade Policy: Empirical Approaches.](#)" *Handbook of International Trade*, James Harrigan, ed., Basil Blackwell, Forthcoming.

WEEK 4, OCT 20 TRADE POLICY: INSTITUTIONS

Douglas Irwin and Randall Kroszner, "[Interests, Institutions, and Ideology in Securing Policy Change: The Republican Conversion to Trade Liberalization after Smoot-Hawley.](#)" *Journal of Law and Economics* (October 1999):643-73.

Michael J. Hiscox, "[The Magic Bullet? The RTAA, Institutional Reform and Trade Liberalization.](#)" *International Organization* 53, 4 (Autumn 1999): pp. 669-698.

Susanne Lohmann and Sharyn O'Halloran, "[Divided Government and U.S. Trade Policy: Theory and Evidence.](#)" *International Organization* 48, 4 (1994):595-632.

Benjamin O. Fordham and Timothy J. McKeown, "[Selection and Influence: Interest Groups and Congressional Voting on Trade Policy.](#)" *International Organization* 57, 3 (Summer 2003):519-49.

Robert W. Staiger and Guido Tabellini, "[Do GATT Rules Help Governments Make Domestic Commitments?](#)" *Economics and Politics* 11, 2 (July 1999): 109-144.

Edward Mansfield, Helen Milner and B. Peter Rosendorff, "[Free to Trade: Democracies, Autocracies and International Trade.](#)" *American Political Science Review*, 94 2 (June 2000): 305-322.

WEEK 5, OCT 27 INTERNATIONAL CAPITAL MOBILITY

Michael D. Bordo, Barry Eichengreen, Jongwoo Ki, [“Was There Really an Earlier Period of International Financial Integration Comparable to Today?”](#) NBER Working Paper No. W6738 (September 1998):1-68.

Christopher J. Neely, [“An Introduction to Capital Controls.”](#) *Federal Reserve Bank of St. Louis Review* 81:6 (Nov/Dec 1999):13-30.

Sebastian Edwards, [“How Effective are Capital Controls?”](#) *Journal of Economic Perspectives* 13, 4 (Fall 1999):65-84.

Alberto Alesina, Vittorio Grilli and Gian Maria Milesi-Ferretti, "The Political Economy of Capital Controls." In *Capital Mobility: The Impact on Consumption, Investment and Growth*, edited by Leonardo Leiderman and Assaf Razin (Cambridge University Press, 1994):289-321.

Dennis Quinn and Carla Inclan, [“The Origins of Financial Openness: A Study of Current and Capital Account Liberalization.”](#) *American Journal of Political Science* 41, 3 (July 1997):771-813.

WEEK 6, NOV 3 CAPITAL MOBILITY AND MACROECONOMIC POLICY

Jeffrey A. Frieden, ["Invested Interests: The Politics of National Economic Policies in a World of Global Finance."](#) *International Organization* 45, 4 (Autumn 1991):425-51.

William Bernhard, J. Lawrence Broz, and William Roberts Clark, [“The Political Economy of Monetary Institutions.”](#) *International Organization* 56, 4 (Autumn 2002): 693–723.

Jeffrey A. Frieden, [“Monetary Populism in Nineteenth-Century America: An Open Economy Interpretation.”](#) *Journal of Economic History* 57 (June 1997):367-95.

Geoffrey Garrett, [“Capital Mobility, Trade, and the Domestic Politics of Economic Policy.”](#) *International Organization* 49, 4 (Autumn 1995):657-687.

Sebastian Edwards, [“Exchange Rates and the Political Economy of Macroeconomic Discipline.”](#) *American Economic Review* 86, 2 (May 1996):159-63.

Thomas Oatley, [“How Constraining is Capital Mobility? The Partisan Hypothesis in an Open Economy.”](#) *American Journal of Political Science* 43, 4 (October 1999):1003-27.

WEEK 7, NOV 10 INTERNATIONAL MONETARY SYSTEMS AND EXCHANGE RATE REGIMES

Jeffrey A. Frankel, "[No Single Currency Regime is Right for All Countries or at all Times.](#)" *Essays in International Finance* No. 215, Princeton University (August 1999):1-45.

Jeffrey Frankel and Andrew Rose, "[An Estimate of the Effect of Common Currencies on Trade and Income.](#)" *The Quarterly Journal of Economics* 117, no. 2 (2002): 437-466

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

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

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

Beth Simmons, "[International Law and State Behavior: Commitment and Compliance in International Monetary Affairs.](#)" *American Political Science Review* 94, 4 (2000):819-835

WEEK 8, NOV 17 CURRENCY CRISES AND MISALIGNMENTS

Roberto Chang, "[Understanding Recent Crises in Emerging Markets.](#)" *Federal Reserve Bank of Atlanta Economic Review* 84, 2 (1999): 6-16.

Rueven Glick and Andrew Rose. "[Contagion and Trade: Why Are Currency Crises Regional?](#)" *Journal of International Economics* 18, 4 (August 1999): 603-17.

David Leblang and William Bernhard. "[The Politics of Speculative Attacks in Industrial Democracies.](#)" *International Organization* 54, 2 (2000): 291-324

Jeffrey Frieden, "[The Political Economy of Dollarization: Domestic and International Factors.](#)" forthcoming in *Dollarization*, eds. Eduardo Levy-Yeyati and Federico Sturzenegger (Cambridge: MIT Press).