

Government 2755

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Coolidge 607

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<http://www.courses.fas.harvard.edu/~gov2755>

INTERNATIONAL POLITICAL ECONOMY

The purpose of this seminar is to read and discuss recent research in international political economy with an emphasis on directed empirical work. The seminar covers five types of cross-border flows and the policies that regulate them: the flow of *goods* (trade policy), the flow of *capital* (financial 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, the course as much a specialized graduate seminar as a field seminar in that the reading list is relatively concise and largely empirical. Nonetheless, it offers a broad overview of relevant approaches and empirical topics. Analytically, the seminar draws as much from modern political economy as from traditional international relations and comparative politics in that it emphasizes the relevance of economic theory as a starting point for explaining politics and policy outcomes relevant to any cross-border flow. Yet it does not stop there, but seeks to consider also the role of ideas, institutions, and bargaining power—both domestic and international—as analyzed by economists, political scientists, and sociologists.

Formal requirements, in addition to full participation in class discussion on the basis of the readings, are:

(A) one five-page paper on an assigned topic and a 15-page research proposal,

-- or --

(B) four five-page papers on assigned topics.

Written work composes 75% of the course grade. The remaining 25% are earned by seminar participation.

Some background in international relations, comparative politics, and international economics is surely helpful but not required. Students will need a basic international economics textbook, and one will be available for purchase at the Coop. All other readings will be available. All readings will also be on reserve at Littauer Library. Some readings are available online. Use links from the online syllabus at www.courses.fas.harvard.edu/~gov2755 (Note: JSTOR works with Netscape only).

2/3 **ORIENTATION**

2/10 **GENERAL THEORY**

Jeffrey A. Frieden and Ronald Rogowski, "The Impact of the International Economy on National Policies: An Analytical Overview." In *International 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. [JSTOR](#)

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

Peter A. Hall, ed., *The Political Power of Economic Ideas: Keynesianism Across Nations* (Princeton: Princeton University Press, 1989):3-26, 361-391.

2/17 INTERNATIONAL TRADE: THE DEMAND SIDE

Helen Milner, "Trading Places: Industries for Free Trade," *World Politics* 40, 3 (April 1988):350-376. [JSTOR](#)

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.

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

Midford, Paul, "International Trade and Domestic Politics: Improving on Rogowski's Model of Political Alignments," *International Organization* 47, 4 (1993): 535-564. [JSTOR](#)

Cheryl Schoenhardt-Bailey, "Lessons in Lobbying For Free Trade in 19th Century Britain: To Concentrate or Not," *American Political Science Review* 85, 1 (1991):37-58. [JSTOR](#)

Daniel Trefler, "Trade Liberalization and the Theory of Endogenous Protection: An Econometric Study of U.S. Import Policy," *Journal of Political Economy* 101 1 (1993): 138-60. [JSTOR](#)

Robert Baldwin and Christopher Magee, "[Is Trade Policy for Sale? Congressional Voting on Recent Trade Bills.](#)" NBER Working Paper No. 6376 (January 1998):1-35

James E. Alt, Jeffry 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. [ProQuest](#) in PDF

2/24 TRADE: THE SUPPLY SIDE

Peter J. Katzenstein, ed., *Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States* (Madison: University of Wisconsin Press, 1978):3-22, 295-336.

Judith Goldstein, "The Impact of Ideas on Trade Policy: the Origins of U.S. Agricultural and Manufacturing Policies," *International Organization* 43, 1 (1989):31-72. [JSTOR](#)

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

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

Michael A. Bailey, Judith Goldstein, and Barry R. Weingast, "The Institutional Roots of American Trade Policy: Politics, Coalitions and International Trade," *World Politics* 49, 3 (April 1997):309-338.

Vinod K. Aggarwal, Robert O. Keohane and David B. Yoffie, "The Dynamics of Negotiated Protectionism" *American Political Science Review* 81, 2 (1987):345-66. [JSTOR](#)

Howard P. Marvel and Edward J. Ray, "The Kennedy Round: Evidence on the Regulation of International Trade in the United States," *American Economic Review* 73 (1) 1983: 190-197. [JSTOR](#)

Charles Kindleberger, "The Rise of Free Trade in Western Europe, 1820-1875," *Journal of Economic History* 35 (1975):20-55. [JSTOR](#)

Edward D. Mansfield and Marc L. Busch, "The Political Economy of Nontariff Barriers: A Cross-National Analysis," *International Organization* 49:4 (Autumn 1995), 723-749.

3/3 **TRADE: THE ROLE OF INTERSTATE BARGAINING POWER**

Stephen D. Krasner, "State Power and the Structure of International Trade," *World Politics* 28, 3 (1976):317-347. [JSTOR](#)

Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42 (Summer 1988), 427-460. [JSTOR](#)

Paul Krugman, "Strategic Sectors in International Competition," in Robert M. Stern (ed), *U.S. Trade Policies in a Changing World Economy* (Cambridge, MA: MIT Press, 1987):207-232.

Robert Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984):135-181.

Duncan Snidal, "The Limits of Hegemonic Stability Theory," *International Organization* 39 (Autumn 1985), 579-614. [JSTOR](#)

David A. Lake, "Leadership, Hegemony, and the International Economy: Naked Emperor or Tattered Monarch with Potential?" *International Studies Quarterly* 37, no. 4 (1993): 459-489.

Arthur A. Stein, "The Hegemon's Dilemma: Great Britain, the United States, and the International Economic Order," *International Organization* 38, 2 (1984): 355-386. [JSTOR](#)

Douglas A. Irwin, "Mercantilism As Strategic Trade Policy: The Anglo-Dutch Rivalry for the East India Trade," *Journal of Political Economy* 99, 6 (1991):1296-1314. [JSTOR](#)

Edward D. Mansfield, "The Concentration of Capabilities and International Trade," *International Organization* 46, 3 (1992):731-764. [JSTOR](#)

3/10 TRADE: THE ROLE OF INTERNATIONAL INSTITUTIONS

Keohane, *After Hegemony*, 182-240.

J. Michael Finger, "The GATT as an International Discipline over Trade Restrictions: A Public Choice Approach." In *The Political Economy of International Organizations*. Edited by Roland Vaubel and Thomas D. Willett (Boulder: Westview, 1991):125-41.

Judith Goldstein, "International Institutions and Domestic Politics: GATT, WTO and the Liberalization of International Trade." In *The WTO as an International Organization*. Edited by Anne O. Krueger (Chicago: University of Chicago Press, 1998):133-52.

Eric Reinhardt, ["Adjudication without Enforcement Can Be Influential."](#) Working Paper, Emory University, June 1998.

Judith Goldstein, "International Law and Domestic Institutions: Reconciling North American 'Unfair' Trade Laws," *International Organization* 50:4 (Autumn 1996):541-564.

Judith Goldstein, "International Institutions and Domestic Politics: GATT, WTO and the Liberalization of International Trade." In *The WTO as an International Organization*. Edited by Anne O. Krueger (Chicago: University of Chicago Press, 1998):133-52.

Robert W. Staiger, "International Rules and Institutions for Trade Policy," in Gene M. Grossman and Kenneth Rogoff, eds., *Handbook of International Economics*, vol. III (New York: Elsevier, 1995):1495-1551.

3/17 INTERNATIONAL CAPITAL MOBILITY

Maurice Obstfeld, ["The Global Capital Market: Benefactor or Menace?"](#) NBER Working Paper No. 6559 (May 1998).

Michael Wallerstein and Adam Przeworski, "Capital Taxation with Open Borders." *Review of International Political Economy* 2 (Summer 1995):425-45.

John Goodman and Louis W. Pauly, "The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets," *World Politics* 46, 1 (1993):50-82. [JSTOR](#)

Dennis Quinn and Carla Inclan, "The Origins of Financial Openness: A Study of Current and Capital Account Liberalization." *American Journal of Political Science* 31, 3 (July 1997):771-813. [JSTOR](#)

Geoffrey Garrett, "Capital Mobility, Trade, and the Domestic Politics of Economic Policy," In *International and Domestic Politics*, edited by Robert O. Keohane and Helen V. Milner (New York: Cambridge University Press, 1996):79-107.

Torben Iversen and Anne Wren, ["Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy."](#) *World Politics* 50, 4 (July 1998).

3/24 CAPITAL MOBILITY AND MACROECONOMIC POLICY

Jacob A. Frenkel and Michael L. Mussa, "Monetary and Fiscal Policies in an Open Economy." *American Economic Review* 71, 2 (May 1981):253-58. [JSTOR](#)

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. [JSTOR](#)

Alberto Giovannini, "Economic and Monetary Union: What Happened? Exploring the Political Dimensions of Optimum Currency Areas." In CEPR (ed), *The Monetary Future of Europe*, 26 pp. (Plus responses).

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

William R. Clark and Usha N. Reichert, "International and Domestic Constraints on Political Business Cycles in OECD Countries." *International Organization* 52, 1 (Winter 1998):87-120.

Torben Iversen, "Wage Bargaining, Central Bank Independence and the Real Effects of Money," *International Organization* 52, 3 (Summer 1998):469-504.

Geoffrey Garrett, "Capital Mobility, Trade, and the Domestic Politics of Economic Policy," *International Organization* 49, 4 (Summer 1995):657-687.

Torben Iversen and Thomas Cusack, "[The Causes of Welfare State Expansion: Deindustrialization or Globalization?](#)" (Paper presented at the 94th Meeting of the American Political Science Association, September 1998).

4/7 INTERNATIONAL MONETARY SYSTEMS

Barry Eichengreen, "The Endogeneity of Exchange-Rate Regimes." In *Understanding Interdependence: The Macroeconomics of the Open Economy*. Edited by Peter B. Kenen, pp. 3-33 (Princeton University Press, 1995).

Barry Eichengreen, "Hegemonic Stability Theories of the International Monetary System." In *Can Nations Agree?* Edited by Richard N. Cooper, et. al., pp. 255-89 (Washington DC: Brookings Institution, 1989).

Kenneth Oye, *Economic Discrimination and Political Exchange: World Political Economy in the 1930s and 1980s* (Princeton: Princeton University Press, 1992):17-33, 203-214.

Maurice Obstfeld and Kenneth Rogoff, "The Mirage of Fixed Exchange Rates," *Journal of Economic Perspectives* 9, 4 (Fall 1995):73-96.

Geoffrey Garrett, "The Transition to Economic and Monetary Union." In *Forging an Integrated Europe*. Edited by Barry Eichengreen and Jeffrey Frieden (Ann Arbor: University of Michigan Press, 1998):21-47.

Michael Webb, "International Economic Structures, Government Interests and International Coordination of Macroeconomic Adjustment Policies," *International Organization* 45, 3 (1991):309-42. [JSTOR](#)

4/14 FOREIGN DIRECT INVESTMENT

Edward M. Graham, "Foreign Direct Investment in the World Economy," *IMF Staff Studies for the World Economic Outlook* (Washington: IMF, 1995):120-133.

Edward M. Graham, "The (Not Wholly Satisfactory) State of the Theory of Foreign Direct Investment and the Multinational Enterprise." *Economic Systems* 20, 2-3 (1996):183-206.

Vito Tanzi and Isaias Coelho, "Restrictions to Foreign Investment: A New Form of Protectionism?" in Dominick Salvatore, ed., *Protectionism and World Welfare* (Cambridge: Cambridge University Press, 1993):200-218.

Jeffrey A. Frieden, "International Investment and Colonial Control: A New Interpretation," *International Organization* 48, 4 (Autumn 1994):559-93. [JSTOR](#)

Theodore H. Moran, "Transnational Strategies of Protection and Defense by Multinational Corporations: Spreading the Risk and Raising the Cost for Nationalization in Natural Resources." *International Organization* 27, 2 (Spring 1973):273-88. [JSTOR](#)

C. S. Eliot King, "U.S. Politics and Greater Regulation of Inward Foreign Direct Investment," *International Organization* 51, 2 (Spring 1997):301-33.

4/21 **MIGRATION**

Jeffrey G. Williamson, "Globalization, Convergence and History," *Journal of Economic History* 56, 2 (June 1996).

Ashley S. Timmer and Jeffrey G. Williamson. ["Racism, Xenophobia or Markets?: The Political Economy of Immigration Policy prior to the Thirties."](#) NBER Working Paper No. 5867 (December 1996).

James Foreman-Peck, "A Political Economy of International Migration, 1815-1914." *Manchester School of Economics & Social Studies* 60, 4 (Dec 1992):359-76.

Kenneth F. Scheve and Matthew J. Slaughter. ["Labor-Market Competition and Individual Preferences Over Immigration Policy"](#) (Working Paper).

Jeannette Money, "The Political Economy of Immigration Control," *International Organization* 51, 4 (Autumn 1997):685-720.

Claudia Goldin, "The Political Economy of Immigration Restrictions in the U.S., 1890-1921." In *The Regulated Economy: A Historical Approach to Political Economy*. Edited by Claudia Goldin and Gary Libecap (Chicago: University of Chicago Press, 1994).

4/28 ENVIRONMENT

David Vogel, *Trading Up* (Cambridge, MA: Harvard University Press, 1995), 56-97, 218-247, 248-270.

Giandomenico Majone, *Regulating Europe* (London: Routledge, 1996), 9-47, 61-82.

Dale Murphy, "Interjurisdictional Competition and Regulatory Harmonization" (ms.).

Graciela Chichilnisky, "North-South Trade and the Global Environment." *American Economic Review* 48, 4 (September 1994):851-874. Also available from [ProQuest](#) in PDF

Peter M. Haas, "Do Regimes Matter? Epistemic Communities and Mediterranean Pollution," *International Organization* 43 (3) 1989: 377-404. [JSTOR](#)

Barbara Connolly, "Increments for the Earth: The Politics of Environmental Aid," In *Institutions for Environmental Aid: Pitfalls and Promise*. Edited by Robert Keohane and Marc Levy (Cambridge: MIT Press, 1996), 327-365.