

## **GOV 388L (38950) • Graduate International Political Economy (Fall 2017)**

**Meeting details:** Tuesdays, 9:30 – 12:30, BAT 1.104

**Professor:** Dr. Rachel Wellhausen

**Office hours:** Thursdays, 9:00 – 12:00, BAT 4.138

**Prerequisites:** None

### **Course Description:**

This graduate seminar is designed as a PhD-level overview of approaches to and contemporary research in international political economy (IPE), with applications to both advanced and developing countries. The syllabus is divided into four main sections: international trade; international monetary and financial relations; international investment; and frontiers. Students are expected to be conversant in quantitative methods, meaning that they are able to read and engage with quantitative research papers and perform at least preliminary quantitative research of their own. It is my hope that this course will generate ideas for students' own research, whether in IPE proper or in connecting IPE issues to other areas of interest, leading to publishable papers and dissertation topics.

### **Grading Policy:**

**Class participation (20%):** Students are expected to read each work on the syllabus closely and to come to class prepared to discuss and critique the readings. In general, students should be efficient readers. Students should spend time brainstorming critiques; additional researchable questions raised by the readings; research design questions; substantive questions on the topics covered; and connections between materials in and across weeks. Students should also be ready to speak about highlights and positive contributions of the papers – graduate school is about building up and not just tearing down. A student will be well-prepared for class if the student has both read and reflected on these kinds of questions. Students may be asked to lead discussions.

Some strategies for preparing for class include:

- Identify the research question.
- Identify the dependent and explanatory variables of interest, as well as how the author(s) account for alternative explanations.
- Identify and comment on research methods. Think about additional pieces of evidence that could further strengthen the reading.
- Identify and reflect on the strengths and weaknesses of the reading and how you could address those in your own work.
- Reflect on the short title on the syllabus for the week's readings. What other researchable questions fit in this area? What themes seem appropriate for research agendas in this area?

Students in the course are expected to have different levels of prior exposure to IPE. The course is intended to provide a low-stakes environment where questions on substantive

topics are welcome. Students are also encouraged to pay attention to refining their participation skills. It is a good idea to take notes on what you learn, of course, but it is also a good idea to take notes on the questions you hope to ask and the points you intend to make, even in real time in the class. This will likely result in awkward pauses; that's ok.

Absence from class will be noted. Should a student be absent, the expectation is that the student will write a retrospective reaction paper for that week (see below). This will not count as one of the required reaction papers. Multiple absences are highly frowned upon and will affect the student's grade and the written evaluation of the student's contributions to the course that the professor submits to the department. Presence without participation will be noted. This is nearly equivalent to an absence.

**Three reaction papers (30%):** Students are expected to write three reaction papers (approximately 3 double-spaced pages in length), each of which critiques a week's readings. Students are free to choose which three weeks' readings they would like to critique. While students need not make hard commitments *ex ante*, we will discuss this at the beginning of the course in hopes of having good student coverage for response papers throughout the course. Reaction papers are due by the beginning of class, preferably on Canvas as PDFs.

The instructions for reaction papers are deliberately somewhat vague. Students are expected to learn from criticism on early reaction papers and improve throughout the course. In some cases, students may be asked to revise their reaction paper in order to receive credit.

Some general strategies for reaction papers include:

- Papers should demonstrate that the student understands the arguments in the readings but should have very minimal summary.
- Possible directions include: discussion of questions raised but unanswered by the readings; disagreements with the readings; points of agreement with and contributions of the readings; alternative research methodologies that the readings could have employed; etc.
- Students may be inclined to discuss questions not addressed in the readings but that may otherwise fit with the week's theme.
- Students are welcome to list substantive questions as part of the reaction paper.
- Comments on how to prepare for class also generally apply to how to write reaction papers.

**Mock peer review (5%):** Students are expected to pick one assigned article on which to write a mock peer review. (This article should come from a different week's readings than those covered in the reaction papers.) The student will pretend that the article has been sent to her/him by a journal for peer review. As is appropriate in a professional peer review, the student will briefly summarize the argument in the article (1 paragraph), comment on strengths, point out potential weaknesses, and provide suggestions for revision if appropriate. Reviews vary in length but are typically 1.5-2 single-spaced pages. The final document should include comments to the author and then a separate set of brief

comments to the editor that recommend publication, revision, or rejection. Remember that all three of these outcomes are possible – the student is welcome to “accept” a paper and write a review that provides evidence to the editor and author as to why the paper should be accepted. (Authors love to receive these kinds of reviews!) Students may be asked to revise their peer reviews in order to receive credit. Submit peer review on Canvas as PDFs before the beginning of the relevant class (retroactive peer reviews are not permitted). We will discuss this assignment at greater length in class.

**Research paper (35%):** Students will write an original research paper on a topic related to international political economy. Most successful papers take many months and often years to reach their final stage. Thus, the paper for this course should be well-advanced but is not expected to be complete by the end of the semester. Students should meet with the professor to discuss what this means in each of their specific cases. In general, the expectations as to what papers should look like at the end of the semester include:

- (1) Introduce and identify a puzzle related to international political economy.
- (2) Situate the puzzle in the relevant literature. In particular, the student should focus on existing explanations for the identified puzzle. This means the student must read and review literature beyond the scope of the syllabus.
- (3) Offer a theory or explanation of the puzzle. Often theory sections also draw on the literature for inspiration or support.
- (4) Articulate testable hypotheses.
- (5) Articulate a full research design. This should include explanations as to why specific quantitative and/or qualitative methods are chosen and measurement strategies for the variables under consideration.
- (6) Provide summary statistics relevant to the research puzzle and methodological approach. Note that authors can and do provide kinds of summary statistics for quantitative or qualitative research approaches.
- (7) Carry out the research design at least in part by doing preliminary tests of the hypotheses. Again, students should discuss specifics with the professor.
- (8) Spell out in detail what additional research is necessary to complete the paper.

Some general suggestions for the research paper:

- Even if students may already have hypotheses in mind, no one knows the “answer” to a research puzzle at the beginning of the project. That’s why we do research.
- Consult with the professor to choose a topic. The relationship to IPE in this course is interpreted broadly. Often IPE factors play a large role in conflict and other IR research questions as well as more CPE-type research questions. Don’t suffer in silence.

The syllabus deliberately does not spell out a path for students to complete their papers throughout the semester. This is for professionalization reasons. Like faculty, students must learn how to balance their short-term tasks (TA work, etc.) with long-term ones, like completing this paper. The professor will be very responsive to proposals, partial drafts, discussions, etc. throughout the semester, but the onus is on students to set and follow their own path. The professor will not be helpful with “last minute” questions or requests

for extensive draft reviews in the last days of the semester. Students are welcome and encouraged to lay out their proposed interim due dates to the professor, which will help get students “on the calendar” and improve turnaround times for feedback. (This is also something students will be expected to do when completing their dissertations.) Papers written at the last minute – whether for this course or for APSA – are embarrassing and not of high quality.

Students will be best served by focusing on theory and research design, and they should minimize data collection work such as coding. The expectations are that this paper will have a well-developed front-half and more of a research design than a fully implemented analysis in the second half.

In aid of this, students are very encouraged to draw on a comprehensive database of variables common to political economy research. This data will surely prove useful for students pursuing quantitative and/or qualitative research designs.

Graham, Benjamin A.T. and Jacob R. Tucker. 2017. "The International Political Economy Data Resource." *Review of International Organizations*.

### **Conference-style Research Presentation (10%):**

At the semester’s end, students will give a 12-minute conference-style presentation on the paper. This will include slides and a presentation. Students will be organized into panels, and other students will participate in a Q&A session following each panel. (Participation in the Q&A contributes to a student’s grade as well.) We will discuss in depth what these presentations should look like.

### **Grade scale:**

94 and above	A
90-93	A-
87-89	B+
84-86	B
80-83	B-
77-79	C+
74-76	C
70-73	C-
67-69	D+
64-66	D
60-63	D-
59 and below	F

### **Plagiarism and Academic Misconduct:**

\*\* Students are not allowed to “double-dip” papers for this course. If a student is interested in building on a separate project, the student must discuss this in detail with the professor to receive approval. If a student is found to be double-dipping without discussion and approval, the students grade and course evaluation will reflect this.

All violations of university academic conduct guidelines, including plagiarism, will be referred to the Dean of Students and will result in a zero on the assignment or exam in question. Plagiarism is the use of others' ideas or work without credit and/or presenting derivative work as one's own. This includes, but is not limited to, cutting and pasting from someone else's work or an internet source, failing to identify exact quotes, failing to cite a source for information that is only available from that source, failing to cite a source for an idea or argument you borrowed from that source, and turning in work that is not your own. When in doubt, cite. Please use in-text citations of the form (author year, page number). Include page numbers wherever possible, as journals increasingly require this.

**University Honor Code:**

The core values of the University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity and responsibility. Each member of the University is expected to uphold these values through integrity, honesty, trust, fairness and respect towards peers and community. Behavior Concerns Advice Line (BCAL): 512-232-5050.

**Disability Accommodations:**

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities (512-471-6259, <http://ddce.utexas.edu/disability/>).

**Notice regarding Accommodations for Religious Holidays:**

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

**Emergency Evacuation Policy:**

Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside. Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building. Students requiring assistance in evacuation shall inform their instructor in writing during the first week of class. In the event of an evacuation, follow the instruction of faculty or class instructors. Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office. Link to information regarding emergency evacuation routes and emergency procedures can be found at: [www.utexas.edu/emergency](http://www.utexas.edu/emergency).

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**READINGS****Required texts (at the Co-op):**

Frieden, Jeffrey. 2006. *Global Capitalism: Its Fall and Rise in the Twentieth Century*. New York: WW Norton.

Steinberg, David. 2015. *Demanding Devaluation: Exchange Rate Politics in the Developing World*. Cornell: Cornell University Press.

Jensen, Nathan M., Glen Biglaiser, Quan Li, Edmund Malesky, Pablo M. Pinto, Santiago M. Pinto, and Joseph L. Staats. 2012. *Politics and Foreign Direct Investment*. Ann Arbor: Michigan Studies in International Political Economy.

Rudra, Nita. 2008. *Globalization and the Race to the Bottom in Developing Countries: Who Really Gets Hurt?* Cambridge, MA: Cambridge University Press.

**Recommended Data Source:**

Graham, Benjamin A.T. and Jacob R. Tucker. 2017. "The International Political Economy Data Resource." *Review of International Organizations*. Online First.

**Schedule:****OVERVIEW:****(1) 5 September: Questions and Introduction**

Jeffrey Frieden. 2006. *Global Capitalism: Its Fall and Rise in the Twentieth Century*.

\*\* This book will be a continually useful reference to understand the historical context of the issues at stake in IPE as well as applications of the theories we will study.

\*\* The majority of this class session will focus on answering substantive questions about the topics covered in IPE. Please come prepared with any questions – the bar is very low. You might prepare by noting unfamiliar topics in the Frieden book; looking through the syllabus; looking at the news; etc. Student questions will drive the discussion. Again, the bar for questions is very low.

## (2) 12 September: Classical and Modern Approaches to IPE

*Some concepts:* Classical political economy; history; OEP; English v American schools

Barma, Naazneen H. and Steven K. Vogel. 2008. *The Political Economy Reader: Markets as Institutions*. New York: Routledge. (Selections are on Canvas.)

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. 1776.

Karl Marx and Friedrich Engels, *The Communist Manifesto*. 1848.

Friedrich List, *The National System of Political Economy*. 1841.

Karl Polanyi, *The Great Transformation*. 1944.

Douglass C. North, *Structure and Change in Economic History*. 1981.

Oliver E. Williamson, *The Economic Institutions of Capitalism*. 1985.

Susan Strange, *The Retreat of the State*. 1996.

Lake, David A. 2009. "Open Economy Politics: A Critical Review." *The Review of International Organizations*. 4:3 (219-244).

### TRADE:

## (3) 19 September: Distributional Explanations for Cleavages Over Free Trade

*Some concepts:* Comparative advantage; Ricardo-Viner theory; Heckscher-Ohlin/Stolper-Samuelson theory; collective action; factor mobility

*Read for a review of Olson's theory of collective action:*

Mancur Olson. 1982. *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*. Chapter 2. (See Canvas)

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

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

James E. Alt and Michael Gilligan. 1994. "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions." *Journal of Political Philosophy* 2 (2): 165-192.

Kenneth Scheve and Matthew Slaughter. 2001. "What Determines Individual Trade Policy Preferences." *Journal of International Economics* 54 (2): 267-292.

Erica Owen and Dennis P. Quinn. 2016. "Does Economic Globalization Influence the US Policy Mood? A Study of US Public Sentiment, 1956-2011." *British Journal of Political Science*: 46:1 (95-125).

#### **(4) 26 September: Other Explanations for Cleavages Over Free Trade**

**\*\* This class meeting will be rescheduled.**

*Some concepts:* Sociotropic explanations; education; experiments; learning/persuasion

Jens Hainmueller and Michael J. Hiscox. 2007. "Educated Preferences: Explaining Individual Attitudes Toward Immigration in Europe." *International Organization* 61(2): 399-442.

Edward D. Mansfield and Diana C. Mutz. 2009. "Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety." *International Organization* 63: 425-457.

James Morrison. 2012. "Before Hegemony: Adam Smith, American Independence, and the Origins of the First Era of Globalization." *International Organization* 66(3): 395-428.

Alexandra Guisinger. 2016. "Information, Gender, and Differences in Individual Preferences for Trade." *Journal of Women, Politics, and Policy* 37:4 (538-561).

Sungmin Rho and Michael Tomz. 2017. "Why Don't Trade Preferences Reflect Economic Self-Interest?" *International Organization* 71:1 (S85-S108).

Alexandra Guisinger. 16 August 2017. "Americans' views of trade aren't just about economics. They're also about race." *Monkey Cage, Washington Post*.

#### **(5) 3 October: Institutional Determinants of Trade Policy**

*Some concepts:* Non-OEP approaches; regime type; time horizons; non-tariff barriers (NTBs); unionization

Alicia Adsera and Carles Boix. 2002. "Trade, Democracy, and the Size of the Public Sector: The Political Underpinnings of Openness." *International Organization* 56:2 (229-262).

Daniel Y. Kono. 2006. "Optimal Obfuscation: Democracy and Trade Policy Transparency." *American Political Science Review* 100 (3): 369-384.

Paola Conconi, Giovanni Facchini, and Maurizio Zanardi. 2014. "Policymakers' Horizon and Trade Reforms: The Protectionist Effect of Elections." *Journal of International Economics*. 94:1 (102-118).

Dean, Adam. 2015. "The Gilded Wage: Profit-Sharing Institutions and the Political Economy of Trade." *International Studies Quarterly* 52:2 (316-329).

Sung Eun Kim and Yotam Margalit. 2017. "Informed Preferences? The Impact of Unions on Workers' Policy Views." *American Journal of Political Science* 61:3 (728-743).

**FINANCE:****(6) 10 October: How Politics Fits in International Money and Finance**

*Some concepts:* Unholy Trinity; sovereign debt; bond markets; policy salience; market pressure; top-down v bottom-up (OEP) explanations

Jeffrey Frieden. 1991. "Invested Interests: The Politics of National Economic Policies in a World of Global Finance," *International Organization* 45:4 (425-451).

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

William Bernhard, J. Lawrence Broz, and William Roberts Clark. 2002. "The Political Economy of Monetary Institutions." *International Organization* 56:4 (693-723).

Thomas Oatley. 2011. "The Reductionist Gamble: Open Economy Politics in the Global Economy." *International Organization* 65:2 (311-341).

Emily Beaulieu, Gary W. Cox and Sebastian Saiegh. 2012. "Sovereign Debt and Regime Type: Reconsidering the Democratic Advantage." *International Organization* 66:4 (709-738).

**(7) 17 October: Politics of Capital Mobility**

*Some concepts:* sovereign wealth funds (SWFs); credit ratings; private/multilateral lenders; portfolio investment; distributional politics; emulation and learning

Dennis Quinn and A. Maria Toyoda. 2007. "Ideology and Voter Preferences as Determinants of Financial Globalization." *American Journal of Political Science* 51 (2): 344-363.

Jeffrey Chwieroth. 2014. "Fashions and Fads in Finance: The Political Foundations of Sovereign Wealth Fund Creation." *International Studies Quarterly* 58 (752-763).

Brooks, Sarah, Raphael Cunha and Layna Mosley. 2015. "Categories, Creditworthiness, and Contagion: How Investors' Shortcuts Affect Sovereign Debt Markets." *International Studies Quarterly* 59:3 (587-601).

Helen Milner and Dustin Tingley. 2010. "The Political Economy of US Foreign Aid: American Legislators and the Domestic Politics of Aid." *Economics & Politics* 22(2): 200-232.

Stephen Kaplan and Kaj Thomsson. 2017. "The Political Economy of Sovereign Borrowing: Explaining the Choices of Highly Indebted Countries." *Journal of Politics* 79:2 (605-623).

**(8) 24 October: Exchange Rate Politics**

*Some concepts:* Fixed-to-floating spectrum; Devaluation; depreciation; Gold Standard; development; distributional politics; collective action; social institutions

Jeffrey Frieden. 1994. "Exchange Rate Politics: Contemporary Lessons from American History." *Review of International Political Economy* 1:1 (81-103).

Steinberg, David. 2015. *Demanding Devaluation: Exchange Rate Politics in the Developing World*. Cornell: Cornell University Press.

**(9) 31 October: Politics of Financial Crisis**

*Some concepts:* Currency v debt crises; Eurozone; 2008 crisis; development; uncertainty v risk; distributional politics

Daniela Campello. 2014. "The Politics of Financial Booms and Crises: Evidence from Latin America." *Comparative Political Studies* 47:2 (260-286).

Stephen Nelson and Peter Katzenstein. 2014. "Uncertainty, Risk, and the Financial Crisis of 2008." *International Organization* 68(2): 361-392.

K. Amber Curtis, Joseph Jupille and David Leblang. 2014. "Iceland on the Rocks: The Mass Political Economy of Sovereign Debt Resettlement." *International Organization* 68(3): 721-740.

Ballard-Rosa, Cameron. 2016. "Hungry for Change: Urban Bias and Autocratic Sovereign Default." *International Organization* 70:2 (313-346).

Mark Copelovitch, Jeffrey Frieden, and Stefanie Walter. 2016. "The Political Economy of the Euro Crisis." *Comparative Political Studies* 49:4 (811-840).

Erica Owen and Stefanie Walter. 2017. "Open Economy Politics and Brexit: Insights, Puzzles, and Ways Forward." *Review of International Political Economy* 24:2 (179-202).

## **FOREIGN DIRECT INVESTMENT:**

### **(10) 7 November: Politics and Foreign Direct Investment**

*Some concepts:* MNC overview; FDI definitions and contrasts with other capital flows; development; labor markets; credible commitments; regime type; partisanship; political risk insurance; benefits and costs of FDI

Nathan Jensen, Glen Biglaiser, Quan Li, Edmund Malesky, Pablo Pinto, Santiago Pinto and Joseph Staats. 2012. *Politics and Foreign Direct Investment*. University of Michigan Press.

Nathan M. Jensen. 2012. "Fiscal Policy and the Firm: Do Low Corporate Tax Rates Attract Multinational Corporations?" *Comparative Political Studies*. 45:8 (1004-1026).

Theodore Moran. 1978. "Multinational Corporations and Dependency." *International Organization* 32: 79-100.

### **(11) 14 November: Political Risk**

*Some concepts:* Obsolescing bargain; International investment agreements (including BITs); Investor-State Dispute Settlement (ISDS); joint ventures; asset mobility; transfer risk; expropriation

Jeffrey Frieden. 1994. "International Investment and Colonial Control: A New Interpretation." *International Organization* 48 (4): 559-93.

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

Julia Gray. 2009. "International Organization as a Seal of Approval: European Union Accession and Investor Risk." *American Journal of Political Science* 53 (4): 931-949.

Krzysztof J. Pelc. 2017. "What Explains the Low Success Rate of Investor-State Disputes?" *International Organization* 71 (559-583).

Benjamin A. T. Graham, Noel P. Johnston, and Allison F. Kingsley. 2017. "Even Constrained Governments Take: The Domestic Politics of Transfer and Expropriation Risks." *Journal of Conflict Resolution*.

Leslie Johns and Rachel Wellhausen. "The Price of Doing Business: How Upfront Costs Deter Political Risk." *Working Paper*.

**FRONTIERS:****(12) 21 November: IPE of Labor and Migration**

*Some concepts:* Cleavages by worker skills; remittances; immigration; diaspora networks; counter-cyclical effects

David Singer. 2010. "Migrant Remittances and Exchange Rate Regimes in the Developing World." *American Political Science Review* 104 (2): 307-323.

David Leblang. 2010. "Familiarity Breeds Investment: Diaspora Networks and International Investment." *American Political Science Review* 104: 584-600.

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

Yotam Margalit. 2011. "Costly Jobs: Trade-related Layoffs, Government Compensation, and Voting in US Elections." *American Political Science Review* 105:1 (166-188).

Margaret Peters. 2014. "Trade, Foreign Direct Investment, and Immigration Policymaking in the United States." *International Organization* 68(4): 811-844.

Layna Mosley and David Singer. 2015. "Migration, Labor, and the International Political Economy." *Annual Review of Political Science* 18: 283-301.

**(13) 28 November: IPE of Development and Regulation**

*Some concepts:* Race to the bottom; regime type; regulatory coordination; environment

Rudra, Nita. 2008. *Globalization and the Race to the Bottom in Developing Countries: Who Really Gets Hurt?* Cambridge, MA: Cambridge University Press.

Patrick Bayer and Johannes Urpelainen. 2016. "It is All About Political Incentives: Democracy and the Renewable Feed-in Tariff." *Journal of Politics* 78:2 (603-619).

**END OF SEMESTER:****(14) 5 December: NO CLASS**

To help students out at the end of the semester, we will not have class on this date. Instead, presentations will take place the next Tuesday, 12 December, at our usual time.

**(15) 12 December: Presentations and Papers Due**

**\*\* Presentations in class: 9:30-12:30**

**\*\* Papers due by end of the day (midnight)**

**Additional Resources:**

I recommend that you stay abreast of and skim the abstracts of new publications in at least the following journals. (Signing up for RSS feeds or email announcements of new issues is useful.) These lists are by no means exhaustive.

Main journals:

*APSR, AJPS, JOP, International Organization, International Studies Quarterly, Journal of Conflict Resolution, World Politics, Comparative Political Studies, BJPS, Review of International Organizations*

Additional journals useful in IPE:

*Economics and Politics, World Development, Business and Politics, Review of International Political Economy, Comparative Politics, Journal of International Business Studies, NBER Working Papers*

I recommend that you peruse the program of the International Political Economy Society (IPES) annual conference held in the fall every year. The conference will be in Austin November 15-17, 2017 and students are highly encouraged to register and attend. (<http://ncgg.princeton.edu/IPES/drupal/>)

We will talk more about additional readings in class.