

PLS 960: International Political Economy
Michigan State University, Fall 2022
MW 10:20-11:40
Berkey Hall 112A

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This graduate-level course will explore various political aspects of the international economy, focusing on the politics of trade policy, foreign investment, and monetary policy. The readings for this course are primarily drawn from academic journals and books in political science and economics. I have tried to balance the “classics” with new books in the field and new working papers.

This course will familiarize students with the state of the IPE literature and help students formulate their own research questions and dissertation ideas. It will also “professionalize” students by helping them gain comfort in presenting work in the conference presentation format.

Requirements

Grades in the course will be based on the following items:

60% class participation/presentations

40% final paper

Readings And Class Participation: This seminar relies heavily on class discussions. **I expect all students to read the assigned material thoroughly and participate in class discussions.**

Starting with class # 2, the classes will follow a consistent format. With a few exceptions, readings will be assigned to a presenter and a separate discussant. At the beginning of class, the presenter of the first article will give a 10-minute PowerPoint presentation of the reading. The presentation will be done in the first person (i.e., as if the presenter was the author) and should attempt to describe the article and advocate on its behalf. The discussant will then note the paper’s strengths and two critiques. Only two critiques. Not three or four, or one. Two. The discussant’s statement should not take more than 3 minutes and will not involve a PowerPoint presentation. It should, however, be reasonably polished and not improvised. That critique will serve as the jumping-off point for a group discussion. We will repeat this process 2-3 times per class, depending on how many readings have been designated for presentation.

Most of the readings are available online through jstor and easily findable through search engines such as google scholar. Books will have to be purchased. It is the student’s responsibility to find the readings, though I am happy to help if that proves difficult for some reason.

Final paper: The final paper will be an approximately 15-30 page (double-spaced) research paper. First-year students will write a research design; everybody else will write a full research paper. This assignment requires you to identify an IPE-related puzzle or question that has not been explicitly asked and answered in the course readings. You will make an argument, draw out associated hypotheses, and propose a research design that would be capable of testing your hypothesis. Second-year students will move beyond the research design stage and provide a preliminary test of their hypothesis, which can take the form of simple quantitative analyses or preliminary sketches of a case study of paired case studies.

Of note: I don’t care that much what you write your paper about. Most of all, I want you to write a paper that is meaningful to your research agenda and interests. As long as it is at least IPE-adjacent, it is fair game. This won’t be too difficult for IPE students, but not everyone is an IPE student. If you are not an IPE student, you should be thinking not just about IPE for IPE’s sake but about how the IPE literature intersects with your research interests. Especially at the beginning of class, be on the lookout for topics that serve as an IPE paper and contribute to your development in your field of study.

This paper is tentatively due on December 13. The final week of the course will be set aside for paper presentations. Students should be prepared to give a 10–15-minute presentation of their research paper, followed by a class discussion. Before the presentation, students should circulate a 3–5-page summary of their paper to the class (and to me). I do not expect that students will have completed their papers by the time these presentations occur. Rather, these presentations should be viewed as an opportunity to bounce ideas off one another and get constructive feedback before the final paper is due.

Course Schedule

Wednesday, August 31: Introduction/Syllabus Overview

No Reading

Monday, September 5: No Class, Labor Day

Trade

Wednesday, September 7: Comparative Advantage, Trade Intro, Factors Model-based Explanations of Trade

1. Milner with Kubota, “Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries.” *International Organization* 59(2005):107-144.
2. Ruggie, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,” *International Organization* 36(1982):379-415.

Monday, September 12: Sectors Model-based Theories of Trade Politics

1. Osgood, I., Tingley, D., Bernauer, T., Kim, I. S., Milner, H. V., & Spilker, G. (2017). The charmed life of superstar exporters: Survey evidence on firms and trade policy. *The Journal of Politics*, 79(1), 133-152.
2. Helen Milner 1988, *Resisting Protectionism*, Princeton University Press ch. 2
3. Michael J. Hiscox, “Class Versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade,” *International Organization* 55 (Winter 2001): 1-46.

Wednesday, September 14: Non-Material-based Theories of Trade Politics

1. Hainmueller, J., & Hiscox, M. J. (2006). Learning to love globalization: Education and individual attitudes toward international trade. *International Organization*, 60(02), 469-498.
2. Carnegie, Allison, and Nikhar Gaikwad. "Public Opinion on Geopolitics and Trade: Theory and Evidence." *World Politics* 74, no. 2 (2022): 167-204.
3. Kerner, Andrew, Jane Sumner, and Brian Richter. "Offshore production's effect on Americans' attitudes toward trade." *Business and Politics* 22, no. 3 (2020): 539-571.

Monday, September 19: New Trade Book

1. Mutz, D. C. (2021). *Winners and losers: The psychology of foreign trade*. Princeton University Press.

Wednesday, September 21: Supply Side Theories of Trade Policy

1. Timothy Frye and Edward D. Mansfield, "Timing is Everything: Elections and Trade Liberalization in the Postcommunist World," *Comparative Political Studies* 37:4 (2004), 371-398.
2. Irwin, D. A. (1998). From Smoot-Hawley to reciprocal trade agreements: changing the course of US trade policy in the 1930s. In *The defining moment: The Great Depression and the American economy in the twentieth century* (pp. 325-352). University of Chicago Press.
3. Becher, Michael, and Irene Menéndez González. "Trade Origins of Proportional Representation." (2021). https://www.internationalpoliticaleconomysociety.org/sites/default/files/paper-uploads/2021-10-19-21_05_16-irene.menendez@ie.edu.pdf

Monday, September 26: No Class, Rosh Hashanah

Wednesday, September 28: Trade and Power

1. Krasner, "State Power and the Structure of International Trade," *World Politics* 28(1976):317-47.
2. Lake, "Leadership, Hegemony, and the International Economy," *International Studies Quarterly* 37(1993):459-89.
3. Morrow, James D. "How could trade affect conflict?." *Journal of Peace Research* 36, no. 4 (1999): 481-489.

Monday, October 3: International Trade Agreements

1. Rodrik, Dani. "What Do Trade Agreements Really Do?." *Journal of Economic Perspectives* 32, no. 2 (2018): 73-90.
2. Mansfield, Edward D., Helen V. Milner, and B. Peter Rosendorff. 2002. "Why Democracies Cooperate More: Electoral Control and International Trade Agreements." *International Organization* 56 (3):477-513.
3. Allee, Todd, and Manfred Elsig. "Veto players and the design of preferential trade agreements." *Review of International Political Economy* 24, no. 3 (2017): 538-567.
4. Chayes and Chayes, "On Compliance," *International Organization* 47(1993):175-206.
5. Downs et al., "Is the Good News about Compliance Good News about Cooperation?," *International Organization* 50(1996):379-406.

Wednesday, October 5: No Class, Yom Kippur

Monday, October 10: WTO

1. Davis, C. L., & Wilf, M. (2017). Joining the Club: Accession to the GATT/WTO. *The Journal of Politics*, 79(3), 964-978.
2. Jeffrey Kucik and Eric Reinhardt. 2008. "Does Flexibility Promote Cooperation? An Application to the Global Trade Regime." *International Organization*, 62:477-505.
3. Carnegie, Allison. "States held hostage: Political hold-up problems and the effects of international institutions." *American Political Science Review* 108, no. 1 (2014): 54-70.
4. Zaccaria, G. (2022). You're Fired! International Courts, Re-contracting, and the WTO Appellate Body during the Trump Presidency. *Global Policy*.

Wednesday, October 13: China Shock

1. Autor, D. H., Dorn, D., & Hanson, G. H. (2016). The china shock: Learning from labor-market adjustment to large changes in trade. *Annual Review of Economics*, 8, 205-240.
2. Autor, D., Dorn, D., & Hanson, G. (2017). *When work disappears: manufacturing decline and the falling marriage-market value of men*. National Bureau of Economic Research.

Monday, October 17: Trade Backlash

1. Ballard-Rosa, C., Malik, M. A., Rickard, S. J., & Scheve, K. (2021). The economic origins of authoritarian values: evidence from local trade shocks in the United Kingdom. *Comparative political studies*, 54(13), 2321-2353.
2. Mansfield, E. D., & Rudra, N. (2021). Embedded liberalism in the digital era. *International Organization*, 75(2), 558-585.
3. Colantone, Italo, and Piero Stanig. "The surge of economic nationalism in Western Europe." *Journal of Economic Perspectives* 33, no. 4 (2019): 128-51.
4. Baccini, Leonardo, and Stephen Weymouth. "Gone for good: Deindustrialization, white voter backlash, and US presidential voting." *American Political Science Review* 115, no. 2 (2021): 550-567.

Finance

Wednesday, October 19: Exchange Rate Preferences

1. Frieden, "Invested Interests: The Politics of National Economic Policies in a World of Global Finance," *International Organization* 45,4(1991):425-452.
2. Stephanie Walter. 2008. "A New Approach for Determining Exchange-Rate Level Preferences." *International Organization* 62(3): 405-438.
3. McKinnon, R., & Schnabl, G. (2004). The East Asian dollar standard, fear of floating, and original sin. *Review of Development Economics*, 8(3), 331-360.

Monday, October 31: Dilemmas and Trilemmas

1. Maurice Obstfeld, Jay C. Shambaugh, and Alan M. Taylor, "The Trilemma in History: Tradeoffs Among Exchange Rates, Monetary Policies, and Capital Mobility," *Review of Economics and Statistics* 87 (Aug 2005), 423-438.
2. Rey, H el ene. *Dilemma not trilemma: the global financial cycle and monetary policy independence*. No. w21162. National Bureau of Economic Research, 2015.

Wednesday, November 2: Exchange Rates & the Trilemma

1. J. Lawrence Broz. 2002. "Political System Transparency and Monetary Commitment Regimes." *International Organization* 56:4 (Autumn), pp. 863-889.
2. Bernhard and Leblang, "Democratic Institutions and Exchange-Rate Commitments," *International Organization* 53(1999):71-98.
3. Betz, Timm, and Andrew Kerner. "Real exchange rate overvaluation and WTO dispute initiation in developing countries." *International Organization* 70, no. 4 (2016): 797-821.

Monday, November 7: FDI

1. James R Markusen (1995). "The Boundaries of Multinational Enterprises and the Theory of International Trade" *Journal of Economic Perspectives* 9(2): 169-189
2. Kerner, Andrew. "What we talk about when we talk about foreign direct investment." *International Studies Quarterly* 58, no. 4 (2014): 804-815.

Wednesday, November 9: FDI and Domestic Politics

1. Nathan Jensen. 2003. "Democratic Governance and Multinational Corporations: The Political Economy of Foreign Direct Investment." *International Organization* 57: 3 (Summer).
2. Henisz, W. J. (2000). The institutional environment for multinational investment. *The Journal of Law, Economics, and Organization*, 16(2), 334-364.

3. Beazer, Quintin H., and Daniel J. Blake. "The conditional nature of political risk: How home institutions influence the location of foreign direct investment." *American Journal of Political Science* 62, no. 2 (2018): 470-485.

Monday, November 14: BITs and ISDS

1. Kerner, Andrew, and Krzysztof J. Pelc. "Do Investor–State Disputes (Still) Harm FDI?" *British Journal of Political Science* 52, no. 2 (2022): 781-804.
2. Poulsen, Lauge N. Skovgaard, and Emma Aisbett. "When the claim hits: Bilateral investment treaties and bounded rational learning." *World Politics* 65, no. 2 (2013): 273-313.
3. Manger, Mark S., and Clint Peinhardt. "Learning and the precision of international investment agreements." *International Interactions* 43, no. 6 (2017): 920-940.
4. Thrall, C. (2021). *Spillover effects in international law: The case of tax planning and investor-state dispute settlement*. Working paper (February).

<< https://www.calvinthrall.com/assets/taxplanning_postJMP.pdf>>

Wednesday, November 16: Sovereign debt

1. Douglas North and Barry Weingast. (1989). "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth Century England." *Journal of Economic History*. 49(4).
2. Schultz, K. A., & Weingast, B. R. (2003). "The democratic advantage: institutional foundations of financial power in international competition." *International Organization*, 3-42.
3. Layna Mosley. 2003. "Room to Move: International Financial Markets and National Welfare States." *International Organization* 54: 4 (Autumn), pp. 737-74

Monday, November 21: New Book About Sovereign Debt

Queralt, D. (2022). *Pawned States: State Building in the Era of International Finance* (Vol. 109). Princeton University Press.

Wednesday, November 23: No Class

Monday, November 28: OBOR

Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin Strange, and Michael J. Tierney. *Banking on Beijing: The Aims and Impacts of China's Overseas Development Program*. Cambridge University Press, 2022.

Wednesday, November 30: Financial Crises

1. Keefer, Philip. 2007. "Elections, Special Interests, and Financial Crises." *International Organization* 61(3):607–641.

2. David Leblang and Shanker Satyanath, "Institutions, Expectations, and Currency Crises," *International Organization* 60 (Winter 2006), 245-262.
3. Bird, G., & Willett, T. D. (2008). Why Do Governments Delay Devaluation?. *World Economics*, 9(4), 55-74.

Monday, December 5: IMF

1. Copelovitch, Mark S. "Master or servant? Common agency and the political economy of IMF lending." *International Studies Quarterly* 54, no. 1 (2010): 49-77.
2. Dreher, Axel and Lang, Valentin and Smarzynska Javorcik, Beata and Vreeland, James Raymond, Buying Votes and International Organizations: The Dirty Work-Hypothesis (2018). CESifo Working Paper No. 7329, Available at SSRN: <https://ssrn.com/abstract=3338658> or <http://dx.doi.org/10.2139/ssrn.3338658>
3. Przeworski, Adam, and James Raymond Vreeland. "The effect of IMF programs on economic growth." *Journal of development Economics* 62, no. 2 (2000): 385-421.

Wednesday, December 7: Presentations