

SYLLABUS

International Economic Relations

Political Science 641

Spring 2022

Th 2:00-4:40pm

Park 502

Professor: Jieun Lee
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Office hours: by appointment

Course Description

This course covers international political economy, with a focus on the politics of trade, investment, and monetary relations. The course material will focus on key actors and forces that determine international commercial policies: special interest groups; collective action; domestic institutions; international institutions; global economic and political order. The readings for this course are primarily drawn from academic journals in political science and economics.

Learning Outcomes

1. Students will develop a broad understanding of major research topics in the field of international political economy.
2. Students will develop practical skills (e.g., writing abstracts and proposals, giving talks, being a designated discussant, engaging in Q&A, reviewing articles, formulating conference panels, etc.) necessary to be successful in the academia.
3. Students will initiate one or more of their own empirical research projects by building a theoretical argument, drawing out testable implications, and assembling and analyzing relevant data.

Course Website

The website for this course is on UBLearn. I will be posting class announcements, materials, and readings on the website. Student assignments are also to be submitted through UBLearn. If you have any trouble accessing UBLearn or any of the course materials, please let me know right away.

Course Requirements

Grades in the course will be based on the following (% of total grade):

- *Weekly Literature Memos (30%)*

Each week, you will submit a literature memo to the course website. These memos are due **9am on Tuesdays**. The purpose of these memos is to help you organize your thoughts and to facilitate class discussion around key research questions that you find to be interesting and important. The discussion leader of the week will also review these memos in order to organize discussion questions. In these memos, you will provide the following **for each required reading**:

- One-paragraph summary of the article.
- One-paragraph discussion of the contributions and limitations of the article.
- One or two talking points (most interesting questions or arguments that you have identified in the readings). You could discuss the strengths and weaknesses of the authors' research designs and empirical tests. Another suggestion is to identify gaps in our knowledge and propose ways to build on the research moving forward.

Weekly memos will be graded on a three-tier system. A check represents a satisfactory memo that meets all the requirements above. A check-plus represents superior work, whereas a check-minus represents work that is below expectation.

- *Participation (20%)*

This is a seminar that will rely heavily on class discussion. As a way to encourage student discussion, 20% of your final grade will be based on your participation in class. You do not need to have understood everything but you should be prepared to engage with one another about the course material. I also encourage you to let me know via email if you need to miss class for an excusable or unforeseeable event (e.g., religious observation, sickness, family emergency).

- *Discussion Lead (10%)*

Students will take turns in leading class discussion over the course of the semester. The discussion leader of the week will read all literature memos for that week and note areas of confusion, contention, or discussion. They should use these observations to raise questions and highlight areas of interests as starting points for dialogue. Grades of this component will be based on preparation and organization of discussion points.

- *Article Presentation (10%)*

Students will also take turns in presenting an empirical article from the reading list. Article presentation options appear in the reading list below for each class topic. The presentation will be done in the first person (i.e., as if the presenter actually was the author) and should describe the article and advocate on behalf of its arguments and

evidence. Approach this as if you are presenting your own work at a conference. In 15 minutes, you will highlight the significance of the work, theory and hypotheses, data and methods, results, and broader relevance of the article. The presentation will be followed by Q&A but also a discussion on how to improve presentation skills.

- *Research Proposal (30%)*

This final assignment requires you to identify a 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 hypotheses. You are encouraged to move beyond the research design stage and actually test your hypothesis, though this is not required.

- I encourage you to meet with me at least once prior to the spring recess to discuss your preliminary ideas for the project. During Week 9 (3/31), everyone will get an opportunity to receive feedback from the class and me regarding their chosen topic for the final project. You will submit a brief one-page plan for the research proposal by March 29th.
- The final two weeks of the course will be set aside for research proposal presentations. You should be prepared to give a 10-15 minute presentation of your proposed research paper, which will be followed by a class discussion. Prior to the presentation, students should circulate a 3-5 page summary of their proposed 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 submitting the final paper. The presentation will consist 10% of your final grade; and the written proposal will consist 20% of your final grade. The written proposal should be approximately 15 double-spaced pages (excluding reference pages) and is due May 13th.

Course Policies

Academic Integrity: Cheating, plagiarism, or any other form of academic dishonesty will not be tolerated. Cite others' work appropriately and do not submit others' work as your own. See <https://academicintegrity.buffalo.edu/policies.php> for more information about UB academic integrity policies. Violations will be handled through the appropriate university disciplinary procedures.

Grade Disclosure: All personal information concerning students' performance in this course is governed by federal privacy legislation, known as the Family Educational Rights and Privacy Act of 1974 (FERPA). No grades or status information can be provided to students by telephone or email. All grades will be posted on UBLearns.

Accessibility and Special Needs: If you have a physical or learning disability or other special need, please contact me within the first two weeks of class so that we can make any necessary arrangements for you. Any information you provide is private and confidential and will be treated as such. You can also contact the Accessibility Resources via <https://www.buffalo.edu/studentlife/who-we-are/departments/accessibility.html> or by calling 716-645-2608.

Health and Counseling Services: You may experience a range of issues that can cause barriers to learning or reduce your ability to participate in daily activities, especially during the pandemic. These might include health concerns, anxiety, high levels of stress, feeling down, alcohol/drug problems, strained relationships, or unwanted sexual experiences. The University provides support in these areas. Please contact the Health Services (716-829-3316), Health Promotion (716-645-2837), and Counseling Services (716-645-2720) if necessary.

Seminar Schedule and Readings

Note that the seminar schedule and readings are tentative and I may modify the course syllabus in order to accommodate student learning preferences or other unforeseeable events.

Week 1 (2/3): Introduction

No required readings.

Week 2 (2/10): Preferences Toward International Trade

Required:

- Michael J. Hiscox. Class versus industry cleavages: Inter-industry factor mobility and the politics of trade. *International Organization*, 55(1):1–46, 2001
- Michael J. Hiscox. Commerce, coalitions, and factor mobility: Evidence from congressional votes on trade legislation. *American Political Science Review*, 96(3):593–608, 2002
- In Song Kim and Iain Osgood. Firms in trade and trade politics. *Annual Review of Political Science*, 22:399–417, 2019

Article to be presented:

- Jens Hainmueller and Michael J. Hiscox. Learning to love globalization: Education and individual attitudes toward international trade. *International Organization*, 60(2):469–498, 2006

Recommended:

- 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):165–192, 1994
- Kenneth F. Scheve and Matthew J. Slaughter. What determines individual trade-policy preferences? *Journal of International Economics*, 54(2):267–292, 2001
- Eugene Beaulieu. Factor or industry cleavages in trade policy? an empirical analysis of the stolper–samuelson theorem. *Economics & Politics*, 14(2):99–131, 2002
- Eugene Beaulieu and Christopher Magee. Four simple tests of campaign contributions and trade policy preferences. *Economics & Politics*, 16(2):163–187, 2004
- Andy Baker. Who wants to globalize? consumer tastes and labor markets in a theory of trade policy beliefs. *American Journal of Political Science*, 49(4):924–938, 2005
- Iain Osgood. Differentiated products, divided industries: Firm preferences over trade liberalization. *Economics & Politics*, 28(2):161–180, 2016

Week 3 (2/17): Political Organization

Required:

- Gene M. Grossman and Elhanan Helpman. Protection for sale. *American Economic Review*, 84(4):833–850, 1994
- Richard L. Hall and Alan V. Deardorff. Lobbying as legislative subsidy. *American Political Science Review*, 100(1):69–84, 2006
- In Song Kim. Political cleavages within industry: Firm-level lobbying for trade liberalization. *American Political Science Review*, 111(1):1–20, 2017

Articles to be presented:

- Marianne Bertrand, Matilde Bombardini, and Francesco Trebbi. Is it whom you know or what you know? an empirical assessment of the lobbying process. *American Economic Review*, 104(12):3885–3920, 2014
- Kishore Gawande, Pravin Krishna, and Michael J. Robbins. Foreign lobbies and u.s. trade policy. *The Review of Economics and Statistics*, 88(3):563–571, 2006

Recommended:

- David Austen-Smith. Campaign contributions and access. *American Political Science Review*, 89(3):566–581, 1995
- Stephen Ansolabehere, John M. De Figueiredo, and James M. Snyder Jr. Why is there so little money in u.s. politics? *Journal of Economic Perspectives*, 17(1):105–130, 2003
- Wendy L. Hansen, Neil J. Mitchell, and Jeffrey M. Drope. The logic of private and collective action. *American Journal of Political Science*, 49(1):150–167, 2005
- Matilde Bombardini. Firm heterogeneity and lobby participation. *Journal of International Economics*, 75(2):329–348, 2008
- Matilde Bombardini and Francesco Trebbi. Competition and political organization: Together or alone in lobbying for trade policy? *Journal of International Economics*, 87(1):18–26, 2012
- Lee Drutman. The business of america is lobbying: How corporations became politicized and politics became more corporate. In *Congress*, page 112, 2015
- Jieun Lee and Iain Osgood. Exports, jobs, growth! congressional hearings on u.s. trade agreements. *Economics & Politics*, 31(1):1–26, 2019

Week 4 (2/24): Multinational Enterprises and Global Production

Required:

- In Song Kim and Helen V. Milner. Multinational corporations and their influence through lobbying on foreign policy. *Multinational Corporations in a Changing Global Economy*,

2019

- Andrew Kerner. What we talk about when we talk about foreign direct investment. *International Studies Quarterly*, 58(4):804–815, 2014
- J. Bradford Jensen, Dennis P. Quinn, and Stephen Weymouth. The influence of firm global supply chains and foreign currency undervaluations on u.s. trade disputes. *International Organization*, 69(4):913–947, 2015

Articles to be presented:

- Erica Owen and Noel P. Johnston. Occupation and the political economy of trade: Job routineness, offshorability, and protectionist sentiment. *International Organization*, 71(4):665–699, 2017
- Leslie Johns and Rachel L. Wellhausen. Under one roof: Supply chains and the protection of foreign investment. *American Political Science Review*, 110(1):31–51, 2016

Recommended:

- James R. Markusen. The boundaries of multinational enterprises and the theory of international trade. *Journal of Economic Perspectives*, 9(2):169–189, 1995
- Srilata Zaheer. Overcoming the liability of foreignness. *Academy of Management Journal*, 38(2):341–363, 1995
- Elhanan Helpman, Marc J. Melitz, and Stephen R. Yeaple. Export versus fdi with heterogeneous firms. *American Economic Review*, 94(1):300–316, 2004
- Alan S. Blinder et al. How many u.s. jobs might be offshorable? *World Economics*, 10(2):41, 2009
- Sonal S. Pandya. Labor markets and the demand for foreign direct investment. *International Organization*, 64(3):389–409, 2010
- Yotam Margalit. Costly jobs: Trade-related layoffs, government compensation, and voting in u.s. elections. *American Political Science Review*, 105(1):166–188, 2011

Week 5 (3/3): Host Countries and Foreign MNEs

Required:

- Nathan M. Jensen. Democratic governance and multinational corporations: Political regimes and inflows of foreign direct investment. *International Organization*, 57(3):587–616, 2003
- Zachary Elkins, Andrew T. Guzman, and Beth A. Simmons. Competing for capital: The diffusion of bilateral investment treaties, 1960–2000. *International Organization*, 60(4):811–846, 2006

- Andrew Kerner. Why should i believe you? the costs and consequences of bilateral investment treaties. *International Studies Quarterly*, 53(1):73–102, 2009

Article to be presented:

- Tim Büthe and Helen V. Milner. The politics of foreign direct investment into developing countries: Increasing fdi through international trade agreements? *American Journal of Political Science*, 52(4):741–762, 2008

Recommended:

- Raymond Vernon et al. *Sovereignty at bay*. HeinOnline, 1971
- Scott J. Basinger and Mark Hallerberg. Remodeling the competition for capital: How domestic politics erases the race to the bottom. *American Political Science Review*, 98(2):261–276, 2004
- Nathan Jensen. Political risk, democratic institutions, and foreign direct investment. *The Journal of Politics*, 70(4):1040–1052, 2008
- Todd Allee and Clint Peinhardt. Contingent credibility: The impact of investment treaty violations on foreign direct investment. *International Organization*, 65(3):401–432, 2011
- Rachel L. Wellhausen. *The shield of nationality: When governments break contracts with foreign firms*. Cambridge University Press, 2014
- Jieun Lee. Foreign direct investment in political influence. Working Paper, 2020

Week 6 (3/10): Domestic Institutions and Policy Outcomes

Required:

- 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):309–338, 1997
- Timothy Frye and Edward D. Mansfield. Timing is everything: Elections and trade liberalization in the postcommunist world. *Comparative Political Studies*, 37(4):371–398, 2004
- Helen V. Milner and Keiko Kubota. Why the move to free trade? democracy and trade policy in the developing countries. *International Organization*, 59(1):107–143, 2005

Article to be presented:

- William Bernhard and David Leblang. Democratic institutions and exchange-rate commitments. *International Organization*, 53(1):71–97, 1999

Recommended:

- Edward D. Mansfield, Helen V. Milner, and B. Peter Rosendorff. Free to trade: Democracies, autocracies, and international trade. *American political science review*, 94(2):305–321, 2000

- William Roberts Clark and Mark Hallerberg. Mobile capital, domestic institutions, and electorally induced monetary and fiscal policy. *American Political Science Review*, 94(2):323–346, 2000
- Daron Acemoglu, Simon Johnson, James Robinson, and Yunyong Thaicharoen. Institutional causes, macroeconomic symptoms: volatility, crises and growth. *Journal of Monetary Economics*, 50(1):49–123, 2003
- Nita Rudra. Globalization and the strengthening of democracy in the developing world. *American Journal of Political Science*, 49(4):704–730, 2005
- Daniel Y. Kono. Optimal obfuscation: Democracy and trade policy transparency. *American Political Science Review*, 100(3):369–384, 2006
- Pablo M. Pinto and Santiago M. Pinto. The politics of investment partisanship: And the sectoral allocation of foreign direct investment. *Economics & politics*, 20(2):216–254, 2008
- Helen V. Milner and Dustin H. Tingley. Who supports global economic engagement? the sources of preferences in american foreign economic policy. *International Organization*, 65(1):37–68, 2011
- David A. Steinberg and Krishan Malhotra. The effect of authoritarian regime type on exchange rate policy. *World Politics*, 66(3):491–529, 2014

Week 7 (3/17): International Institutions and Policy Outcomes

Required:

- Judith L. Goldstein, Douglas Rivers, and Michael Tomz. Institutions in international relations: Understanding the effects of the gatt and the wto on world trade. *International Organization*, 61(1):37–67, 2007
- Marc L. Busch. Overlapping institutions, forum shopping, and dispute settlement in international trade. *International Organization*, 61(4):735–761, 2007
- Allison Carnegie. States held hostage: Political hold-up problems and the effects of international institutions. *American Political Science Review*, 108(1):54–70, 2014

Articles to be presented:

- Peter B. Rosendorff. Stability and rigidity: Politics and design of the wto's dispute settlement procedure. *American Political Science Review*, 99(3):389–400, 2005
- Joanne Gowa and Soo Yeon Kim. An exclusive country club: The effects of the gatt on trade, 1950–94. *World Politics*, 57(4):453–478, 2005

Recommended:

- Edward D. Mansfield and Eric Reinhardt. Multilateral determinants of regionalism: The effects of gatt/wto on the formation of preferential trading arrangements. *International*

Organization, 57(4):829–862, 2003

- Todd L. Allee and Paul K. Huth. Legitimizing dispute settlement: International legal rulings as domestic political cover. *American Political Science Review*, 100(2):219–234, 2006
- Kerry A. Chase. Protecting free trade: The political economy of rules of origin. *International Organization*, 62(3):507–530, 2008
- Elena V. McLean. Donors' preferences and agent choice: Delegation of European development aid. *International Studies Quarterly*, 56(2):381–395, 2012
- Leonardo Baccini and Johannes Urpelainen. International institutions and domestic politics: Can preferential trading agreements help leaders promote economic reform? *The Journal of Politics*, 76(1):195–214, 2014
- Leonardo Baccini. The economics and politics of preferential trade agreements. *Annual Review of Political Science*, 22:75–92, 2019

Week 8 (3/24): Spring Recess

Week 9 (3/31): Research Proposal Idea Discussion

Week 10 (4/7): Openness to Global Capital and Labor

Required:

- John B. Goodman and Louis W. Pauly. The obsolescence of capital controls?: Economic management in an age of global markets. *World Politics*, 46(1):50–82, 1993
- Raghuram G. Rajan and Luigi Zingales. The great reversals: The politics of financial development in the twentieth century. *Journal of Financial Economics*, 69(1):5–50, 2003
- Margaret E. Peters. Trade, foreign direct investment, and immigration policy making in the United States. *International Organization*, 68(4):811–844, 2014

Article to be presented:

- Jeffrey M. Chwieroth. Testing and measuring the role of ideas: The case of neoliberalism in the International Monetary Fund. *International Studies Quarterly*, 51(1):5–30, 2007

Recommended:

- Dennis P. Quinn and Carla Inclan. The origins of financial openness: A study of current and capital account liberalization. *American Journal of Political Science*, pages 771–813, 1997
- Thomas Oatley. How constraining is capital mobility? The partisan hypothesis in an open economy. *American Journal of Political Science*, pages 1003–1027, 1999

- Layna Mosley. Room to move: International financial markets and national welfare states. *International Organization*, 54(4):737–773, 2000
- Bumba Mukherjee and David Andrew Singer. International institutions and domestic compensation: The imf and the politics of capital account liberalization. *American Journal of Political Science*, 54(1):45–60, 2010
- Jens Hainmueller and Michael J. Hiscox. Attitudes toward highly skilled and low-skilled immigration: Evidence from a survey experiment. *American Political Science Review*, 104(1):61–84, 2010
- Erica Owen and Stefanie Walter. Open economy politics and brexit: Insights, puzzles, and ways forward. *Review of International Political Economy*, 24(2):179–202, 2017
- Thomas Sampson. Brexit: The economics of international disintegration. *Journal of Economic Perspectives*, 31(4):163–84, 2017

Week 11 (4/14): Trilemma and Exchange Rate Choices

Required:

- Jeffrey A. Frieden. Invested interests: The politics of national economic policies in a world of global finance. *International Organization*, 45(4):425–451, 1991
- Guillermo A. Calvo and Carmen M. Reinhart. Fear of floating. *The Quarterly Journal of Economics*, 117(2):379–408, 2002
- J. Lawrence Broz and Seth H. Werfel. Exchange rates and industry demands for trade protection. *International Organization*, 68(2):393–416, 2014

Article to be presented:

- David Andrew Singer. Migrant remittances and exchange rate regimes in the developing world. *American Political Science Review*, 104(2):307–323, 2010

Recommended:

- William Bernhard, J. Lawrence Broz, and William Roberts Clark. The political economy of monetary institutions. *International Organization*, 56(4):693–723, 2002
- Kenneth Scheve. Public inflation aversion and the political economy of macroeconomic policymaking. *International Organization*, 58(1):1–34, 2004
- Carmen M. Reinhart and Kenneth S. Rogoff. The modern history of exchange rate arrangements: A reinterpretation. *The Quarterly Journal of Economics*, 119(1):1–48, 2004
- S. Brock Blomberg, Jeffrey Frieden, and Ernesto Stein. Sustaining fixed rates: The political economy of currency pegs in latin america. *Journal of Applied Economics*, 8(2):203–225, 2005

- Maurice Obstfeld, Jay C. Shambaugh, and Alan M. Taylor. The trilemma in history: Trade-offs among exchange rates, monetary policies, and capital mobility. *Review of Economics and Statistics*, 87(3):423–438, 2005
- Stefanie Walter. A new approach for determining exchange-rate level preferences. *International Organization*, 62(3):405–438, 2008
- Mark S. Copelovitch and Jon CW Pevehouse. Ties that bind? preferential trade agreements and exchange rate policy choice. *International Studies Quarterly*, 57(2):385–399, 2013
- Timm Betz and Andrew Kerner. Real exchange rate overvaluation and wto dispute initiation in developing countries. *International Organization*, 70(4):797–821, 2016

Week 12 (4/21): International Monetary Fund and Crises

Required:

- Beth A. Simmons. International law and state behavior: Commitment and compliance in international monetary affairs. *American Political Science Review*, 94(4):819–835, 2000
- David Leblang and Shanker Satyanath. Institutions, expectations, and currency crises. *International Organization*, 60(1):245–262, 2006
- Randall W. Stone. The political economy of imf lending in africa. *American Political Science Review*, 98(4):577–591, 2004

Article to be presented:

- Philip Keefer. Elections, special interests, and financial crisis. *International Organization*, 61(3):607–641, 2007

Recommended:

- Adam Przeworski and James Raymond Vreeland. The effect of imf programs on economic growth. *Journal of Development Economics*, 62(2):385–421, 2000
- Axel Dreher, Jan-Egbert Sturm, and James Raymond Vreeland. Global horse trading: Imf loans for votes in the united nations security council. *European Economic Review*, 53(7):742–757, 2009
- Mark Copelovitch, Jeffrey Frieden, and Stefanie Walter. The political economy of the euro crisis. *Comparative Political Studies*, 49(7):811–840, 2016
- Quintin H. Beazer and Byungwon Woo. Imf conditionality, government partisanship, and the progress of economic reforms. *American Journal of Political Science*, 60(2):304–321, 2016

Week 13 (4/28): China Shock and Trade War

Required:

- David H. Autor, David Dorn, and Gordon H. Hanson. The china shock: Learning from labor-market adjustment to large changes in trade. *Annual Review of Economics*, 8:205–240, 2016
- Jieun Lee and Iain Osgood. Firms fight back: Production networks and corporate opposition to the china trade war. *Geopolitics, Supply Chains, and International Relations in East Asia*, page 153, 2021
- David Dorn, Gordon Hanson, Kaveh Majlesi, et al. Importing political polarization? the electoral consequences of rising trade exposure. *American Economic Review*, 110(10):3139–83, 2020

Article to be presented:

- Italo Colantone and Piero Stanig. Global competition and brexit. *American Political Science Review*, 112(2):201–218, 2018

Recommended:

- John Seungmin Kuk, Deborah Seligsohn, and Jiakun Jack Zhang. From tiananmen to outsourcing: The effect of rising import competition on congressional voting towards china. *Journal of Contemporary China*, 27(109):103–119, 2018
- Mary Amiti, Stephen J. Redding, and David E. Weinstein. The impact of the 2018 tariffs on prices and welfare. *Journal of Economic Perspectives*, 33(4):187–210, 2019
- David Dorn, Gordon H. Hanson, Gary Pisano, Pian Shu, et al. Foreign competition and domestic innovation: Evidence from u.s. patents. *American Economic Review: Insights*, 2(3):357–74, 2020
- Chad P. Bown. How covid-19 medical supply shortages led to extraordinary trade and industrial policy. *Asian Economic Policy Review*, 2021

Week 14 (5/5) & Week 15 (5/12): Research Proposal Presentations