

# International Political Economy (PO8013)

## Course Convenor

Dr Tim Hicks

Department of Political Science,  
Trinity College, Dublin

[tim.hicks@tcd.ie](mailto:tim.hicks@tcd.ie)

<http://tim.hicks.me.uk/>

Office hours: Wednesdays 3-5pm (or by appointment)

## Seminars

Weeks 6 and 8–11

Mondays, 10am–12pm, IIS Seminar Room

Produced: February 14, 2011

The aim of this short course is to provide an introduction to the political science sub-field of *international political economy* (IPE). As we only have five weeks, the topics covered are necessarily rather selective. In each week, we cover aspects of either or both of the political underpinnings and the political implications of international economic relations.

**Recommended Text:** Oatley, T. (2008). *International Political Economy: Interests and Institutions in the Global Economy*. Pearson, fourth edition

You may find it interesting and/or helpful to read an introductory overview of the sub-field of IPE. To that end, I suggest:

- Oatley, T. (2008). *International Political Economy: Interests and Institutions in the Global Economy*. Pearson, fourth edition, chapter 1
- Lake, D. A. (2006). International Political Economy: A Maturing Interdiscipline. In Weingast, B. R. and Wittman, D. A., editors, *The Oxford Handbook of Political Economy*, chapter 42, pages 757–777. Oxford University Press, Oxford, UK  
<http://dss.ucsd.edu/~dlake/documents/LakeOxfordHandbookofPEproofs.pdf>

## Assessment

### 10% — Class participation

Class participation requires contributing to class discussion, including listening to others, and having questions for discussion, demonstrating that contributions are based on a thorough understanding and detailed knowledge of all the required readings for the week.

### 20% — Response papers

Students are required to write **two response papers** over the course. Response papers are not summaries, but demonstrate an understanding and provide a critique of, or response to, the week's readings. They can be written about either one or several of the week's required readings (and, if desired, additional readings, but not to the exclusion of the required readings). Response papers should be at least one but no more than three double-spaced pages long and must be submitted through [turnitin.com](https://turnitin.com) by midday (Irish Time) on the Sunday preceding the Monday class. Get your act together to submit well in advance of Sunday midday as late submissions will not be accepted. It is a deadline, not a target. When you submit a response paper, you are also particularly expected to actively participate in the discussion that week and the grade for the response paper will take this into account. You should come to the seminar expecting to talk about the views expressed in the response paper of your own volition, or as a result of explicit questioning from me.

### 70% — Critical Literature Review, due Monday April 4th (Week 12)

Students should choose one theme from the course and write a paper based on required and additional readings, with further readings if required, and offer a critical review of the literature. Beyond a summary of the state of the literature, this should also include analysis of contradictions both within and between papers, methodological short-comings, and conceptual discrepancies. In developing such critiques, you will likely find yourself finding some arguments or evidence more persuasive than others. Outlining your reasoning for such conclusions will tend to raise your grade. Should you wish, you may also use the essay to develop suggestions for possible research designs that may help to rectify any of the shortcomings that you perceive in the literature. Note that while the course is divided into five distinct weeks, several of the topics have considerable overlap with each other and, while you are not required to draw from the readings of multiple weeks, you are certainly not constrained not to. Indeed, you are welcome to draw from readings you have covered in other courses on the programme, as well.

The literature review should be double-spaced and 3000 words in length, not including the bibliography but including all other words (e.g. footnotes etc). Please include a word count on your submitted essay. It is **due by 5pm Irish time, Monday April 4th**. Late essays are penalized at a rate of 5 points per day late. Late submissions will only be excused if backed by a medical certificate.

## **Plagiarism**

You are reminded of your obligations as a student at Trinity College to avoid plagiarism and respect the highest standards of academic honesty. This is particularly important in terms of reviewing academic literature where it is important that the review is based on your own reading and assessment of any literature discussed.

## **Turnitin**

Response papers and the critical literature review must be submitted via <http://www.turnitin.com/>. This makes it easier to manage submissions, as well as taking advantage of a plagiarism detector. In order to submit your essay on <http://www.turnitin.com/>, you need to register yourself with <http://www.turnitin.com/> registration for the IPE module.

Class Name: International Political Economy (P08013), 2011

Course ID: 3834600

Enrollment Password: whatsipe

## **WebCT**

We will be using the TCD WebCT service for this course. See <http://webct.tcd.ie/webct/logon/89051751001> for access to the most up-to-date version of this syllabus, as well as for PDF files of more difficult to find readings.

## **Acknowledgements**

I am extremely grateful to the following for their help in preparing this course: Justin Leinaweaver and Will Phelan.

## 1 Week 6 (Feb 21): The Domestic Politics of Trade

In this first week, we will focus on how and why the issue of international trade (in goods) can be important in terms of domestic politics. In order to do this, a little economic theory is necessary, which comes from Oatley (2008, Chapter 3). For some relatively non-technical views on the implications of this theory, we turn to Krugman (1997b) and AFL-CIO (Date). Rogowski (1987a) and Hiscox (2001) provide most of the intellectual meat in a political science sense. Hertel et al. (2007) and Baldwin and Magee (2000) then pick up the logic of the arguments associated with the other authors to a more applied, politics-of-policy-making level.

### Required Readings

- Oatley, T. (2008). *International Political Economy: Interests and Institutions in the Global Economy*. Pearson, fourth edition, chapters 3 and 4
- Krugman, P. (1997b). A Raspberry for Free Trade: Protectionists serve up tainted fruit and red herrings. *Slate*. Thursday, Nov. 20  
<http://web.mit.edu/krugman/www/berries.html>
- AFL-CIO (No Date). Fact Sheet: Trade and Manufacturing Jobs  
[http://www.aflcio.org/issues/jobseconomy/manufacturing/iuc/upload/trade\\_factsheet.pdf](http://www.aflcio.org/issues/jobseconomy/manufacturing/iuc/upload/trade_factsheet.pdf)
- Rogowski, R. (1987a). Political Cleavages and Changing Exposure to Trade. *American Political Science Review*, 81(4):1121–1137
- Hiscox, M. J. (2001). Class Versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade. *International Organization*, 55(1):1–45
- Hertel, T., Keeney, R., and Winters, L. A. (2007). Why WTO agricultural reforms are such a good idea — but such a hard sell  
<http://www.voxeu.org/index.php?q=node/665>
- Baldwin, R. E. and Magee, C. S. (2000). Is Trade Policy for Sale?: Congressional Voting on Recent Trade Bills. *Public Choice*, 105(1):79–101

### Recommended Readings

- Krugman, P. (1996). Ricardo's Difficult Idea. Paper for Manchester conference on free trade  
<http://www.pkarchive.org/trade/ricardo.html>

- Scheve, K. F. and Slaughter, M. J. (2001). What determines individual trade-policy preferences? *Journal of International Economics*, 54(2):267–292
- Milner, H. V. and Judkins, B. (2004). Partisanship, Trade Policy, and Globalization: Is There a Left-Right Divide on Trade Policy? *International Studies Quarterly*, 48(1):95–120
- Mayda, A. M. and Rodrik, D. (2005). Why are some people (and countries) more protectionist than others? *European Economic Review*, 49(6):1393–1430
- O’Rourke, K. H. and Taylor, A. M. (2006). Democracy and Protectionism. NBER Working Paper no. 12250  
<http://www.nber.org/papers/w12250>

## 2 Week 7 (Feb 28): NO CLASS FOR STUDY WEEK

## 3 Week 8 (Mar 7): The International Politics of Trade

This week, we build on our understanding of the politics of trade by studying how it impinges on the interactions *between* countries, rather than within them. Oatley (2008) provides background on the international trade system. Krugman (1993) offers a somewhat polemical account of the motivations for NAFTA. The remaining readings discuss how and why various trade agreements and systems have been created.

### Required Readings

- Oatley, T. (2008). *International Political Economy: Interests and Institutions in the Global Economy*. Pearson, fourth edition, chapter 2
- Krugman, P. (1993). The Uncomfortable Truth about NAFTA: It's Foreign Policy, Stupid. *Foreign Affairs*, November/December  
<http://www.pkarchive.org/trade/ForeignPolicyStupid.html>
- Krasner, S. D. (1976). State Power and the Structure of International Trade. *World Politics*, 28(3):317–347
- Baldwin, R. E. and Baldwin, R. E. (1996). Alternate approaches to the political economy of endogenous trade liberalization. *European Economic Review*, 40(3-5):775–782
- Milner, H. V. (1999). The Political Economy of International Trade. *Annual Review of Political Science*, 2:91–114
- Mansfield, E. D., Milner, H. V., and Rosendorff, P. B. (2000). Free to Trade: Democracies, Autocracies, and International Trade. *American Political Science Review*, 94(2):305–321

### Recommended Readings

- Putnam, R. D. (1988). Diplomacy and Domestic Politics: The Logic of Two-Level Games. *International Organization*, 42(3):427–460
- Goldstein, J. L., Rivers, D., and Tomz, M. (2007). Institutions in International Relations: Understanding the Effects of the GATT and the WTO on World Trade. *International Organization*, 61(01):37–67
- Sattler, T. and Bernauer, T. (2011). Gravitation or discrimination? Determinants of litigation in the World Trade Organisation. *European Journal of Political Research*, 50(2):143–167

## 4 Week 9 (Mar 14): Foreign Direct Investment

FDI is when foreign actors purchase, construct, or otherwise invest in productive assets in a country. Oatley (2008) provides an overview of the relationships between “the state and the multinationals”. Krugman (1997a) provides a justification for embracing low wages abroad. Drezner (2000) and Cavanagh and Anderson (2002) question some of the perceived ‘facts’ regarding globalization in this sphere, albeit from different viewpoints. The remaining readings present quantitative empirical evidence as to the factors affecting flows of FDI from and to countries.

### Required Readings

- Oatley, T. (2008). *International Political Economy: Interests and Institutions in the Global Economy*. Pearson, fourth edition, chapter 9 (also, chapter 8 may be of interest)
- Krugman, P. (1997a). In Praise of Cheap Labor: Bad jobs at bad wages are better than no jobs at all. *Slate*. March 20th  
<http://web.mit.edu/krugman/www/smokey.html>
- Drezner, D. W. (2000). Bottom Feeders. *Foreign Policy*, 121:64–70
- Cavanagh, J. and Anderson, S. (2002). Happily Ever NAFTA? *Foreign Policy*, 132:58–60
- Jensen, N. M. (2003). Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment. *International Organization*, 57(3):587–616
- Neumayer, E. and Spess, L. (2005). Do bilateral investment treaties increase foreign direct investment to developing countries? *World Development*, 33(10):1567–1585
- Büthe, T. and Milner, H. V. (2008). The Politics of Foreign Direct Investment into Developing Countries: Increasing FDI through International Trade Agreements? *American Journal of Political Science*, 52(4):741–762

### Recommended Readings

- Strange, S. (1992). States, Firms and Diplomacy. *International Affairs*, 68(1):1–15
- Chakrabarti, A. (2001). The Determinants of Foreign Direct Investments: Sensitivity Analyses of Cross-Country Regressions. *Kyklos*, 54(1):89–114
- Busse, M. and Hefeker, C. (2007). Political risk, institutions and foreign direct investment. *European Journal of Political Economy*, 23(2):397–415

## 5 Week 10 (Mar 21): From Globalization to Domestic Politics

Gourevitch (1978) provides a conceptual link between some of the IR literature from last term and this week's topic. Berger (2000) provides an accessible and broad review that you should find helpful for this week and the next. The readings from Katzenstein (1985) and Rogowski (1987b) provide core theoretical claims for this week on how trade patterns can fundamentally alter the political structures in operation in a country. Kayser (2007, 2009) draws a somewhat less structural, but nonetheless interesting, implication from the domestic political implications of globalization.

### Required Readings

- Berger, S. (2000). Globalization and Politics. *Annual Review of Political Science*, 3(1):43–62
- Katzenstein, P. J. (1985). *Small States in World Markets: Industrial Policy in Europe (Cornell Studies in Political Economy)*. Cornell University Press, pp.30–37 (defining “corporatism”) and chapter 4
- Rogowski, R. (1987b). Trade and the Variety of Democratic Institutions. *International Organization*, 41(2):203–223
- Kayser, M. A. (2007). How Domestic Is Domestic Politics? Globalization and Elections. *Annual Review of Political Science*, 10(1):341–362
- Kayser, M. A. (2009). Partisan Waves: International Business Cycles and Electoral Choice. *American Journal of Political Science*, 53(4):950–970
- Rodrik, D. (2007). The inescapable trilemma of the world economy  
[http://rodrik.typepad.com/dani\\_rodriks\\_weblog/2007/06/the-inescapable.html](http://rodrik.typepad.com/dani_rodriks_weblog/2007/06/the-inescapable.html)

### Recommended Readings

- Gourevitch, P. (1978). The Second Image Reversed: The International Sources of Domestic Politics. *International Organization*, 32(4):881–912
- Clark, W. R. and Hallerberg, M. (2000). Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy. *American Political Science Review*, 94(2):323–346

## 6 Week 11 (Mar 28): Globalization and the Welfare State

The rise of globalization has often been thought to pose a threat to welfare states in ‘developed democracies’. This week, we discuss whether and why this is the case. Schwartz (1994) discusses how ‘small’ states appeared to respond to such external pressures. Garrett (1998) reverses argues for a reversal of the causal effect from globalization to welfare states. Walter (2010) provides a closer analysis of the intermediary steps in the causal chain(s) linking these two concepts. (In an attempt to limit the required reading, I omitted Rodrik (1998), but it is a nice, accessible, and *highly-cited* paper that you may enjoy.)

### Required Readings

- Schwartz, H. (1994). Small States in Big Trouble: State Reorganization in Australia, Denmark, New Zealand, and Sweden in the 1980s. *World Politics*, 46(4):527–555
- Garrett, G. (1998). Global Markets and National Politics: Collision Course or Virtuous Circle? *International Organization*, 52(4):787–824
- Mosley, L. (2000). Room to Move: International Financial Markets and National Welfare States. *International Organization*, 54(4):737–773
- Swank, D. (2003). Withering Welfare? Globalization, Political Economic Institutions, and the Foundations of Contemporary Welfare States. In Weiss, L., editor, *States in the Global Economy: Bringing Domestic Institutions Back In*, chapter 3, pages 58–82. Cambridge University Press, Cambridge, UK
- Walter, S. (2010). Globalization and the Welfare State: Testing the Microfoundations of the Compensation Hypothesis. *International Studies Quarterly*, 54(2):403–426

### Recommended Readings

- Rodrik, D. (1998). Why Do More Open Economies Have Bigger Governments? *Journal of Political Economy*, 106(5):997–1032
- Genschel, P. (2002). Globalization, Tax Competition, and the Welfare State. *Politics & Society*, 30(2):245–275
- Genschel, P. (2004). Globalization and the welfare state: a retrospective. *Journal of European Public Policy*, 11(4):613–636
- Sinn, H.-W. (2007). The Welfare State and the Forces of Globalization. CESIFO Working Paper no. 1925  
[http://www.cesifo-group.de/DocCIDL/cesifo1\\_wp1925.pdf](http://www.cesifo-group.de/DocCIDL/cesifo1_wp1925.pdf)