

Institutions and International Political Economy
Political Science 7381
Graduate Seminar

Room: Derby 2078
Tuesday 2-2:45

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Office Hours: Tuesday 11-12:30

Course Description

This course, designed for political science Ph.D. students, surveys the role of political institutions in international political economy. We first look at political economy as an approach to understanding the political world and read foundational works on political economy and institutions. We then explore important debates and substantive topics in the study of IPE, including international cooperation and regime building in the world economy; interdependence and globalization; economic statecraft and sanctions; the role of domestic politics and institutions (as both an independent and dependent variable); institutions for trade and investment; and the causes and consequences of regionalism.

Readings

Readings are available in the course texts, on the course's Carmen website, or online through the library system. Students are responsible for acquiring the three books listed below. Students are expected to complete all of the assigned readings before class. For each reading, we will summarize the argument, discuss its contribution to the literature, and probe the argument and evidence for strengths and weaknesses.

Required books

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

Mancur Olson. 1965. The Logic of Collective Action (Harvard University Press).

Course Requirements

This is a seminar. Each student will be expected to participate actively in class discussions, which will be geared toward understanding, critiquing and comparing the readings assigned for each session. Your effective participation will therefore depend on how carefully you have read the material. The readings will also form the conceptual (and sometimes empirical) basis for the two paper assignments, which should build explicitly on the course readings and should refer to readings on the syllabus that are relevant to the topic. Students should also keep in mind that many of the readings will be required knowledge for political science General Exams, including the IR major exam and the political economy minor exam.

The final grade will be based on the following components:

- 50% – two papers (25% each), not to exceed six pages; see topics below.
- 20% – 5 memos on the readings. The memos should contain a critique and should raise an issue for discussion for the week's readings. Each student must complete five memos during the course of the semester. Memos should be one page long and are due via email by noon on the day before class.
- 30% – class participation, including:
 - Attendance. After one absence, each unexcused absence will cost a letter grade.
 - Contribution to discussions.
 - Reading presentations. Each week, students will be assigned presentations on one or more of the readings for the following week. In these brief presentations (five minutes maximum), you should summarize the argument and empirical findings.

Topics for Papers

Paper #1 (due September 30th)

Option 1. There are both advantages and disadvantages entailed in applying rational choice theory and tools to international relations. Discuss one or more advantages and one or more disadvantages that you find important. In the end, do the advantages outweigh the disadvantages?

Option 2. Are international institutions a cause of economic globalization or a consequence of it? Make an argument and support it with specific examples.

Paper #2 (due December 2nd)

Option 1. Select a WTO dispute settlement case of your choosing. Provide a brief legal history of the case—i.e., describe its path through the WTO dispute settlement mechanism and where it stands now—and summarize the positions of the relevant parties to the case. Was the WTO effective at resolving the conflict? What does the case tell us about theories of institutions and/or IPE?

Option 2. Select an international investment dispute of your choosing. Provide a history of the dispute, including the positions and actions of the relevant parties, and explain how it was resolved. What are the implications of this case for theoretical debates on institutions and/or IPE?

Week 1 (August 27)

Introduction: The Study of (International) Political Economy

David Lake. 2009. Open Economy Politics: A Critical Review. *Review of International Organizations* 4:219-44.

Jeffrey Frieden and Lisa Martin. 2003. International Political Economy: Global and Domestic Interactions.

In Ira Katznelson and Helen Milner, eds., *Political Science: The State of the Discipline* (Norton).

Kenneth A. Shepsle. 1989. Studying Institutions: Some Lessons from the Rational Choice Approach. *Journal of Theoretical Politics* 1(2): 131-47.

Week 2 (September 3)

Foundations of Positive Political Economy

Gary Becker. 1986. The Economic Approach to Human Behavior. In Jon Elster, ed., *Rational Choice*.

Ronald Coase. 1960. The Problem of Social Cost. *The Journal of Law and Economics* 3 (October): 1-44.

Thomas Schelling. 1960. An Essay on Bargaining. In *The Strategy of Conflict*.

Mancur Olson. 1965. *The Logic of Collective Action*, Chapters 1-2 (skim the rest).

Kenneth Shepsle. 1992. Congress Is a “They,” Not an “It”: Legislative Intent as Oxymoron. *International Review of Law and Economics* 12: 139-56.

Week 3 (September 10)

The Role of Institutions: Exchange and Cooperation

Douglass North & Barry Weingast. 1989. Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in 17th-Century England. *The Journal of Economic History* 49(4): 803-832.

Paul Milgrom, North & Weingast 1990. The Role of Institutions in the Revival of Trade. *Economics and Politics* 1: 1-23.

Elinor Ostrom. 1990. *Governing the Commons*, Chapter 1.

Week 4 (September 17)

International Cooperation and Institutions

Lisa Martin and Beth Simmons. 1998. Theories and Empirical Studies of International Institutions.

International Organization 52(4): 729-57.

Stephen Krasner. 1976. State Power and the Structure of International Trade. *World Politics* 28: 317-43.

Keohane. *After Hegemony*, Chapters 3-6.

Week 5 (September 24)

Domestic Institutions and Foreign Economic Policy

Robert Putnam. 1988. Diplomacy and Domestic Politics: The Logic of Two-Level Games. *International Organization* 42: 427-61.

Joanne Gowa. 1988. Public Goods and Political Institutions: Trade and Monetary Policy Processes in the United States. *International Organization* 42(1): 15-32.

Jeffrey Frieden. 1988. Sectoral Conflict and U.S. Foreign Economic Policy, 1914-1940. *International Organization* 42(1): 59-90.

Edward Mansfield, Helen Milner and Jon Pevehouse. 2008. Democracy, Veto Players and the Depth of Regional Integration. *The World Economy* 31(1): 67-96.

J. Lawrence Broz and Michael Brewster Hawes. 2006. U.S. Domestic Politics and International Monetary Fund Policy. In *Delegation and Agency in International Organizations*. Edited by Darren Hawkins, David A. Lake, Daniel Nielson, and Michael J. Tierney. Cambridge University Press, 2006.

Week 6 (October 1; Paper #1 due September 30)

Domestic Responses to Globalization

Ronald Rogowski. 1989. *Commerce and Coalitions*, Chapter 1.

Geoffrey Garrett & Peter Lange. 1996. Internationalization, Institutions, and Political Change. In Robert Keohane & Helen Milner, eds. 1996. *Internationalization and Domestic Politics* (Cambridge).

- Nita Rudra and Stephan Haggard. 2005. Globalization, Democracy, and Effective Welfare Spending in the Developing World. *Comparative Political Studies* 38(9): 1015-49.
- Sarah M. Brooks and Marcus J. Kurtz. 2007. Capital, Trade, and the Political Economies of Reform. *American Journal of Political Science* 51(4): 703-720.
- Daniel Verdier. Domestic Responses to Capital Market Internationalization under the Gold Standard, 1870-1914. *International Organization* 52, 1: 1-28

Week 7 (October 8)

Trade Policy and the WTO

- Paul Stephan. 2000. Sheriff or Prisoner? The United States and the World Trade Organization. *Chicago Journal of International Law* 1(1): 49-74.
- Marc Busch & Eric Reinhardt. 2000. Bargaining in the Shadow of the Law. *Fordham Intl. Law Journal* 24: 158-72.
- Warren Schwartz & Alan Sykes. 2002. The Economic Structure of Renegotiation and Dispute Resolution in the World Trade Organization. *Journal of Legal Studies* 31(1).
- Judith L Goldstein and Richard H. Steinberg. 2008. Negotiate or Litigate? Effects of WTO Judicial Delegation and U.S. Trade Politics. *Law and Contemporary Problems* 71: 257-82.
- Christina Davis. 2004. International Institutions and Issue Linkage: Building Support for Agricultural Trade Liberalization. *American Political Science Review* Vol. 98, no. 1: 153-169.
- Jeffrey Hart & Aseem Prakesh. 1997. Strategic Trade and Investment Policies: Implications for the Study of International Political Economy. *The World Economy* 20(4): 457-476.

Week 8 (October 15)

Regionalism and Bilateralism

- Helen Milner & Edward Mansfield & Helen Milner. 1999. The New Wave of Regionalism. *International Organization* 53(3).
- Andrew Moravcsik. 1991. Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community. *International Organization* 45: 19-56.
- Paul Pierson. 1996. The Path to European Integration: A Historical Institutional Analysis. *Comparative Political Studies* 29(2): 123-63.
- David Bearce. 2003. Grasping the Commercial Institutional Peace. *International Studies Quarterly*, Vol. 47, No. 3: 347-70.
- Emilie Hafner-Burton. 2005. Trading Human Rights: How Preferential Trade Agreements Influence Government Repression. *International Organization* 59: 593-629.

Week 9 (October 22)

Institutions for Investment

- Nathan M. Jensen. 2003. Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment. *International Organization* 57(3): 587-616.
- Guzman, Andrew T. 1998. Why LDCs Sign Treaties That Hurt Them: Explaining the Popularity of Bilateral Investment Treaties. *Virginia Journal of International Law* 38: 639-88.
- Elkins, Zachary, Andrew T. Guzman, and Beth A. Simmons. 2006. Competing for Capital: The Diffusion of Bilateral Investment Treaties, 1960-2000. *International Organization* 60 (4): 811-846.
- David Stasavage. 2002. Private Investment and Political Institutions. *Economics & Politics* 14(1): 41-63.
- Yoram Z. Haftel and Alexander Thompson. 2013. Delayed Ratification: The Domestic Fate of Bilateral Investment Treaties. *International Organization* 67(2): 355-87.
- Büthe, Tim and Helen V. Milner. 2008. The Politics of Foreign Direct Investment into Developing Countries: Increasing FDI through International Trade Agreements? *American Journal of Political Science* vol.52 no.4: 741-762.
- Todd Allee and Clint Peinhardt. 2011. Contingent Credibility: The Reputational Effects of Investment Treaty Disputes on Foreign Direct Investment. *International Organization* 65, 3: 401-432.

Week 10 (October 29): No Class

Week 11 (November 5)

Institutions and Economic Sanctions

- Lisa L. Martin. 1993. Credibility, Costs, and Institutions: Cooperation on Economic Sanctions," *World Politics* 45, no. 3: 406-32.
- Daniel Drezner. 2000. Bargaining, Enforcement, and Multilateral Sanctions: When Is Cooperation Counterproductive? *International Organization* 54(1).
- Anne Miers & T. Clifton Morgan. 2002. Multilateral Sanctions and Foreign Policy Success: Can Too Many Cooks Spoil the Broth? *International Interactions* 28(2): 117-36.
- Bapat, Navin A. and T. Clifton Morgan. 2009. Multilateral vs. Unilateral Sanctions Reconsidered: A Test Using New Data. *International Studies Quarterly*, 53(4):1075-1094.
- Baldwin, David A. 1999/2000. The Sanctions Debate and the Logic of Choice. *International Security* 24(3): 80-107.
- Nooruddin, Irfan, and Autumn Lockwood Payton. 2010. Dynamics of Influence in International Politics: The ICC, BIAs, and Economic Sanctions. *Journal of Peace Research* 47 (6): 711-721.

Week 12 (November 12)

Legalization and IPE

- Karen Alter. 1998. Who Are the "Masters of the Treaty"? European Governments and the European Court of Justice. *International Organization* 52(1): 121-47.
- James McCall Smith. 2000. The Politics of Dispute Settlement Design: Explaining Legalism in Regional Trade Pacts. *International Organization* 54: 137-80.
- Judith Goldstein and Lisa Martin. 2000. Legalization, Trade Liberalization, and Domestic Politics: A Cautionary Note. *International Organization* 54(3): 603-32.
- Simmons, Beth. 2000. International Law and State Behavior: Commitment and Compliance in International Monetary Affairs. *American Political Science Review* 94(4): 819-35.

Week 13 (November 19)

Power, Institutions and IPE

- Terry Moe. 2005. Power and Political Institutions. *Perspectives on Politics* 3(2): 215-33.
- Lloyd Gruber. 2001. Power Politics and the Free Trade Bandwagon. *Comparative Political Studies* 34(7): 703-41.
- Tim Büthe and Walter Mattli. 2003. Setting International Standards: Technological Rationality or Primacy of Power?" *World Politics* 56(1): 1-42.
- Randall W. Stone. 2008. The Scope of IMF Conditionality. *International Organization* 62: 589-620
- Daniel W. Drezner. 2009. The Power and Peril of International Regime Complexity. *Perspectives on Politics* 7(1): 65-70.

Week 14 (November 26)

Managing Economic Globalization

- Kenneth F. Scheve and Matthew J. Slaughter. 2007. A New Deal for Globalization. *Foreign Affairs* July/August:1-33.
- Dani Rodrik. 2007. How to Save Globalization from its Cheerleaders. *Journal of International Trade and Diplomacy*, vol. 1 no. 2.
- Anne-Marie Slaughter. 1997. The Real New World Order. *Foreign Affairs* 76 (Sept./Oct.): 183-97.
- Kenneth Abbott and Duncan Snidal. 2009. Strengthening Regulation through Transnational New Governance. *Vanderbilt Journal of Transnational Law* 42: 501-78.

Week 15 (December 3; Paper #2 due December 2)

Catch-up session.