

University of Southern California, School of International Relations

*Politics of International Monetary and  
Trade Relations*

<p>IR 541 Fall 2005 <a href="http://totale.usc.edu/">//totale.usc.edu/</a></p>	<p><a href="#">B. Peter Rosendorff</a> SOS B1, X03529 Fax: 213 740 1070 <a href="mailto:bpeter@usc.edu">bpeter@usc.edu</a></p>
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### Course Objectives

This course is designed to introduce advanced students to scholarship on international political economy, to guide the students' own reading and enquiry and to develop critical faculties. We focus on the behavior of markets, states and other authorities, and their interactions. The course provides the "gateway" to the more advanced courses in the IPE domain.

### Pre-requisites

- • Solid understanding of international economics is strongly recommended before taking this course.
- • Ability to tackle occasional readings using game theoretic or statistical methods is also strongly recommended.
- • Interest in and knowledge of current issues in international affairs and political economy in general is assumed.

### Seminar

- • Thursdays, 2pm-5pm in SOS B40.

## Office Hours

- • Thursdays, 10am - 12noon and by appointment in SOS B-1.

## Grading and Assignments

Grades will be assigned on the basis of class participation and preparation, two critical literature review essays and a written, take home, final exam.

### (1) Preparation, Participation and Leading Class Discussions

- • All students are expected to have completed the readings before each class, and to be prepared to answer questions on the material when called upon. If you miss a class, you will not receive any credit for that week for class participation.
- • Each student is assigned to lead discussions twice, once in the first half of the course and the other time in the second half. Discussion leaders will prepare a discussion and provide a first cut at answering questions posed on the material.
- • Class participation and the leading of class discussions will constitute 30% of the final grade. *Remember: you will be leading the discussion, not the instructor.*

### (2) Two critical literature reviews:

- • Students are to write two critical literature reviews (no more than 10 double-spaced pages each) analyzing the readings assigned in a particular week of your choice. The first one must be completed before October 20, and the second one before November 17. See [Professor Odell's Guidelines on Literature Reviews](#) for more information.
- • The grades assigned to the reviews will constitute 40% of the final grade.

### (3) Final take-home exam:

- • A take-home exam will be distributed at the end of the last class (December 1<sup>st</sup>). Students have six days, and they must turn it in by **December 6 (Tuesday) 4pm to my mail box at the CIS office (fax: 213-740-1070), or by email to bpeter@usc.edu.**
- • The final exam will count 30% towards the final grade.

**Everyone must have an E-mail account.** I may provide class changes, essay questions and other information through E-mail. This is also the fastest and surest way to get in touch with me.

## Research Seminar

Students are strongly recommended to attend the weekly CIS research seminar, held on Wednesdays at 12:30pm-2pm in SOS-B40. Here students will see the latest research presented in a way that lets the researcher see how new work is created and how it emerges. An essential learning experience for any student hoping to make the transition from “consumer” of other people’s work, to a “producer” of one’s own.

## Disability Disclaimer

Students requesting academic accommodations based on disability are required to register with Disability Services and Programs (DSP) each semester. A letter of verification for

approved accommodations can be obtained from DSP when adequate documentation is filed. Please be sure the letter is delivered to me (or to TA) as early in the semester as possible. DSP is open Monday-Friday, 8:30-5:00. The office is in Student Union 301 and their phone number is (213) 740-0776.

## Course Schedule and Readings

The readings are mostly available online. Books will be on reserve at Leavey. A small set of the readings marked **(P)** will be available for xeroxing.

Aug 25

### 1. Introduction and Getting Started

Sep 1

Cancelled – APSA meetings

Sep 8

### 2. Methods: Basic Concepts and Approaches

Gilpin, R. (2001), *Global Political Economy: Understanding the International Economic Order*, Princeton University Press, [Chapters 1](#) and [2.\(P\)](#)

Frey, B. (1984), "[The Public Choice View of International Political Economy](#)," *International Organization* Vol. 38 (1): 199-223.

Walt, S. (1999), "[A Model Disagreement](#)," *International Security*, 24(2):115-130

Martin, L (1999), "[The Contributions of Rational Choice: A Defense of Pluralism](#)," *International Security*, 24(2):74-83

Sep 15

### 3. Economic History

#### Trade Theory - Background

Krugman, P. and M. Obstfeld (2003), *International Economics: Theory and Policy*, Addison Wesley, 6<sup>th</sup> edition, chapters 1-11, especially p.185-296. or

Feenstra, Robert (2003), *Advanced International Trade: Theory and Evidence*, Princeton University Press, chapters 1-5.

#### Class or Sector?

Rogowski, R. (1989), *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*, Princeton University Press. [Chapter 1](#), [Chapter 2](#).

Douglas A. Irwin (1996), "Industry or Class Cleavages over Trade Policy? Evidence from the British General Election of 1923," in Robert C. Feenstra, Gene M.

Grossman, and Douglas A. Irwin, eds., *The Political Economy of Trade Policy*, Cambridge: MIT Press, 53-76. Available online as [NBER working paper #5170](#).

Hiscox, M. (2001), "[Class vs. Industry Cleavages: Inter-industry Factor Mobility and the Politics of Trade](#)", *International Organization* 55(1):1-46.

Kenneth F. Scheve and Matthew J. Slaughter (2001), "[What Determines Individual Trade-Policy Preferences?](#)" *Journal of International Economics* 54, 267-292.

## Sept 22

### 4. Domestic Political Economy and the Demand and Supply of Policy

Rodrik, D. (1995), "The Political Economy of Trade Policy", in Handbook of International Economics, Vol 3, eds. G.Grossman and K. Rogoff, Amsterdam, North-Holland. (P)

McGillivray, F. (1997), "[Party Discipline as a Determinant of the Endogenous Formation of Tariffs](#)", *American Journal of Political Science*,41(2):584-607.

Rogowski, R. (1987), "[Trade and the Variety of Democratic Institutions](#)", *International Organization*, 41(2):203-223.

Lohmann, S. and S. O'Halloran (1994), "[Divided Government and US Trade Policy: Theory and Evidence](#)", *International Organization*, 48(4): 595-632.

Helen Milner and Keiko Kubota (2005), "[Why the Rush to Free Trade? Democracy and Trade Policy in the Developing Countries.](#)" *International Organization*, 59(1): 107-144.

## Sep 29

### 5. Globalization and the Welfare State

Ruggie, John Gerald (1982), "[International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,](#)" *International Organization* 36(2):195-231.

Adsera, Alicia and Carles Boix (2002), "[Trade, Democracy and the Size of the Public Sector](#)", *International Organization* 56(2):229-262.

Nita Rudra (2002) [Globalization and the Decline of the Welfare State in Less-Developed Countries](#), *International Organization* 56(2):411-446

Geoffrey Garrett and Deborah Mitchell (2001) [Globalization, Government Spending and Taxation in the OECD](#) *European Journal of Political Research* 39(2) 2001: 145-177.

**Oct 6**

**Cancelled – *International Organization* Editorial Board Meeting**

**Oct 13**

**Cancelled – Yom Kippur**

**Oct 14 –FRIDAY, 2-5pm SOS B40**

**6. International Political Economy and Institutions**

Martin, L. and B. Simmons, (1998), “[Theories and Empirical Studies of International Institutions](#),” *International Organization*, 52(3):729-58.

Keohane, R. (1984), *After Hegemony: Cooperation and Discord in the World Political Economy*, chaps 1-7 & 10.

Bagwell, Kyle and Robert W. Staiger (1999), “[An Economic Theory of GATT](#),” *American Economic Review* 89(1):215-248.

Koremenos, B, et al (2001), “[The Rational Design of International Institutions](#)”, *International Organization* 55(4):761-800.

**Oct 20**

**First Critical Review Due before this class**

**7. Domestic-International Linkages**

Putnam. R. (1988) “[Diplomacy and Domestic Politics: The Logic of the Two-Level Game](#)”, *International Organization*, 42(3):427-60.

Morrow, J.D., R.M. Siverson and T.E. Tabares (1998), “[The Political Determinants of International Trade: The Major Powers, 1907-90](#)”, *American Political Science Review*, 92:649-61 and the [correction](#) at *American Political Science Review*, 93 (4):931-3.

Mansfield, E., H. Milner and B.P. Rosendorff (2002), “[Why Democracies Cooperate More: Electoral Control and International Trade Agreements](#),” *International Organization* 56(3):477-514.

Goldstein, J. “[International Institutions and Domestic Politics: GATT, WTO and the Liberalization of International Trade](#)” in Krueger (1998).

Mansfield, E, H. Milner and J. Pevehouse (2004), “[Vetoing Cooperation: The Impact of Veto Players on International Trade Agreements](#)”, unpublished. [Figures](#).

Dai, Xinyuan (2005), “[Why Comply? The Domestic Constituency Mechanism](#)”, *International Organization* 59(2):363-398.

**Oct 27**

**8. IMF and World Bank**

Rodrik, Dani (1995), "[Why Is There Multilateral Lending?](#)", NBER Working Paper 5160.

Vreeland, James (2001), "[Institutional Determinants of IMF Agreements](#)"

Przeworski, Adam and James Vreeland (2000), "[The Effect of IMF Programs on Economic Growth](#)," *Journal of Development Economics* 62: 385-421.

**Nov 3**

**9. Development: Growth**

Barro, Robert (1997), *Determinants of Economic Growth*, MIT Press.

Easterly, William (2001), *The Elusive Quest for Growth*, MIT Press.

**Nov 10**

**10. Development: Institutions**

Rodrik, Dani and Arvind Subramanian and Francesco Trebbi (2002), "[Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development](#)"

Acemoglu, Daron, Simon Johnson and James Robinson (2002) "[Reversal of Fortune: Geography and Institutions in the Making of the Modern World](#), *Quarterly Journal of Economics* 117: 1231-1294.

John W. McArthur, Jeffrey D. Sachs (2001) "[Institutions and Geography: Comment on Acemoglu, Johnson and Robinson](#)" NBER working paper #8114.

Helen Milner and Keiko Kubota (2005), "[Why the Rush to Free Trade? Democracy and Trade Policy in the Developing Countries](#)." *International Organization*, 59(1): 107-144.

**Nov 17**

**11. Foreign Aid**

Helen Milner (2004), "[Why Multilateralism? Foreign Aid and Domestic Principal-Agent Problems](#)", unpublished.

Alesina, Alberto and Dollar, David. 2000. [Who Gives Foreign Aid to Whom and Why?](#) *Journal of Economic Growth* 5(1):33-63.

**Dec 1**

**12. Capital Markets and Money**

- Krugman, P. and M. Obstfeld (2000), *International Economics: Theory and Policy*, 5<sup>th</sup> edition, chapters 12-22, especially chapters 18-21. (Background)
- Oatley, T. (1999), "[How Constraining is Capital Mobility: The Partisan Hypothesis in an Open Economy](#)", *American Journal of Political Science* 43(4):1003-27.
- Quinn, Dennis P., and Carla Inclán (1997), "[The Origins of Financial Openness: A Study of Current and Capital Account Liberalization](#)," *American Journal of Political Science* 41(3):771-813.
- Leblang, David A. (1997) "[Domestic and Systemic Determinants of Capital Controls in the Developed and Developing World](#)," *International Studies Quarterly* 41(3):435-454.
- William Roberts Clark and Mark Hallerberg, "[Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy](#)" *American Political Science Review* 94, no. 2 (June 2000): 323-46.