

Political Science 572: International Political Economy
Spring 2007; Room 1115 BSB
Tuesday 3:30-6:00 PM

Professor Yoram Haftel

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Office Hours: T TH 1:30-2:30 PM **and by appointment**

Course Description:

This course is an advanced graduate seminar on international political economy (IPE). It examines alternative theoretical approaches to the understanding of the interaction between wealth and power at the international level. In particular, it focuses on the nexus between interests and institutions on both the domestic and international level. We will use these theoretical tools to shed light on empirical research in key issue-areas, such as international trade, the link between IPE and security, the international monetary system, and international finance.

Readings:

Students are expected to complete the readings in advance of the assigned date (including student papers – see below). The course readings include books, book chapters, and journal articles. The required books are available at the university bookstore as well as on-line bookstores; book chapters, articles from edited volume, and journal articles are available on-line through the library electronic reserves.

Required Books:

Douglas C. North. 1981. *Structure and Change in Economic History*. New York: W.W. Norton.

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

Ronald Rogowski. 1989. *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*. Princeton: Princeton University Press.

Robert H. Bates. 1997. *Open-Economy Politics: The Political Economy of the World Coffee Trade*. Princeton: Princeton University Press.

David A. Baldwin. 1985. *Economic Statecraft*. Princeton: Princeton University Press.

Edward D. Mansfield and Brian M. Pollins. 2003. *Economic Interdependence and International Conflict: New Perspectives on an Enduring Debate*. Michigan: Michigan University Press.

Recommended Books:

Mancur Olson. 1965. *The Logic of Collective Action*. Cambridge: Harvard University Press.

Robert Gilpin. 2001. *Global Political Economy: Understanding the International Economic Order*. Princeton: Princeton University Press.

Course Requirements:

Participation:

This course runs a discussion group in which everyone is expected to participate. Class participation will be evaluated according to the quality and frequency with which students actively engage in class discussion.

Short Papers:

Students will submit five (5) short papers throughout the course. These papers should NOT simply summarize the main points of the readings, but rather explore how two or more readings relate to one another and how their *synthesis* may shed light on the theme of the class. The papers should be 4 to 5 pages long (typed, double-spaces, readable font).

The papers are due 5:00 PM on Monday BEFORE class for the week that the readings are assigned via email. Students will also distribute their papers to the rest of the class via email at the same date and time. Students' papers are part of the required reading for the class in which they are due.

Research Paper:

Draw on class material to identify a research question of your interest. Write a 15-20 pages paper (typed, double-spaces, readable font) that has four parts. First, review extant research and explain how answering the selected research question advances our understanding of the issue at hand. Second, develop an original argument that may help to answer to this question and derive testable hypothesis (or hypotheses). Third, propose a feasible research design to empirically evaluate the hypothesis. Finally, speculate on the potential contribution and implications of your findings to the field of IPE.

Preliminary one-page proposal and bibliography is due on the 10th week of classes (March 20). Complete paper is due on May 7th. *Incomplete is not an option!*

Course Grade:

Participation	20%
Short Papers (10%*5)	50%
Research Paper	30%

Academic Honesty:

All of the work you do in this course is expected to be your own. Absolutely NO cheating or plagiarism (using someone else's words or ideas without proper citation) will be tolerated.

Week 1 (January 16) : Introduction

Benjamin J. Cohen. 2002. International Finance. In *Handbook of International Relations*, edited by Walter Carlsnaes, Thomas Risse, and Beth A. Simmons, 429-447. London: Sage Publications.

Jeffrey A. Frieden and Lisa L. Martin. 2002. International Political Economy: Global and Domestic Interactions. In *Political science: the state of the discipline*, edited by Ira Katznelson and Helen V. Milner, 118-146. New York: W. W. Norton.

Helen V. Milner. 2002. International Trade. In *Handbook of International Relations*, edited by Walter Carlsnaes, Thomas Risse, and Beth A. Simmons, 448-461. London: Sage Publications.

Further Reading:

James E. Alt et al. 1996. The Political Economy of International Trade: Enduring Puzzles and an Agenda for Inquiry. *Comparative Political Studies* 29 (6): 689-717.

J. Lawrence Broz and Jeffrey A. Frieden. 2001. The Political Economy of International Monetary Relations. *Annual Review of Political Science* 4: 317-340.

Robert Gilpin. 2001. *Global Political Economy: Understanding the International Economic Order*. Princeton: Princeton University Press.

Week 2 (January 23): The Emergence of the Global Political Economy

Immanuel Wallerstein. 1979. *The Capitalist World Economy* (Cambridge University Press), pp. 1-48.

Douglas C. North. 1981. *Structure and Change in Economic History*. Chapters 1-6, 11, 15

Mancur Olson. 1993. Dictatorship, Democracy, and Development. *American Political Science Review* 87 (3): 569-576.

Short Papers: _____

Further Reading:

Douglas C. North and Robert P. Thomas. 1975. *The Rise of the Western World: A New Economic History* (Cambridge University Press).

Paul Kennedy. 1988. *The Rise and Fall of Great Powers* (Random House).

Charles Tilly. 1992. *Capital, Coercion, and European States, AD 990-1990* (Blackwell).

Week 3 (January 30): Hegemonic Stability Theory

Mancur Olson. 1965. *The Logic of Collective Action* Chapters 1-2.

Stephen D. Krasner. 1976. State Power and the Structure of International Trade. *World Politics* 28 (3): 317-347.

Charles Kindleberger. 1981. Dominance and Leadership in the International Economy: Exploitation, Public Goods, and Free Rides. *International Studies Quarterly* 25 (5): 242-254.

David Lake. 1993. Leadership, Hegemony, and the International Economy: Naked Emperor or Tattered Monarch with Potential? *International Studies Quarterly* 37 (4): 459-489

Short Papers: _____

Further Reading:

Charles Kindleberger. 1973. *The World in Depression, 1929-1939* (University of California Press).

Arthur Stein. 1984. The Hegemon's Dilemma: Great Britain, the United States, and the International Economic Order. *International Organization* 38 (2): 355-386.

Robert Gilpin. 1987. *The Political Economy of international Relations* (Princeton University Press).

Scott C. James and David A. Lake. 1989. "The Second Face of Hegemony" Britain's Repeal of the Corn Laws and the American Walker Tariff of 1846. *International Organization* 43 (1): 1-29.

David A. Lake. 1999. *Entangling Relations: American Foreign Policy and its century* (Princeton University Press).

John G. Ikenberry. 2001. *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars* (Princeton University Press).

Week 4 (February 6): Critiques of Hegemonic Stability

John A. C. Conybeare. 1984. Public Goods, Prisoners' Dilemmas, and the International Political Economy. *International Studies Quarterly* 28 (1): 5-22.

Duncan Snidal. 1985. The Limits of Hegemonic Stability. *International Organization* 39 (4): 579-614.

Susan Strange. 1987. The Persistent Myth of Lost Hegemony. *International Organization* 41 (4): 551-574.

Edward D. Mansfield. 1992. The Concentration of Capabilities and International Trade. *International Organization* 46 (3): 731-64.

Short Papers: _____

Further Reading:

- Timothy J. McKeown. 1983. Hegemonic Stability Theory and Nineteenth Century Tariff Levels in Europe. *International Organization* 38 (1): 73-91.
- Bruce M. Russett. 1985. The Mysterious Case of Vanishing Hegemony. *International Organization* 39 (2): 207-232.
- Beth V. Yarbrough and Robert M. Yarbrough. 1992. *Cooperation and Governance in International Trade: The Strategic Organizational Approach* (Princeton University Press).
- Edward D. Mansfield. 1994. *Power Trade and War* (Princeton University Press).
- Joanne Gowa. 1994. *Allies, Adversaries, and International Trade* (Princeton University Press).

Week 5 (February 13): International Cooperation without Hegemony

- Robert O. Keohane. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy*. Chapters 1-7.
- Joseph M. Grieco. 1988. Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism. *International Organization* 42 (2): 485-507.
- Robert Jervis. 1999. Realism, Neoliberalism, and Cooperation. *International Security* 24 (1): 42-63.

Short Papers: _____

Further Reading:

- Stephen D. Krasner (Ed.). 1983. *International Regimes* (Cornell University Press).
- Kenneth A. Oye (Ed.). 1986. *Cooperation under Anarchy* (Princeton University Press).
- David A. Baldwin (Ed.). 1993. *Neorealism and Neoliberalism: The Contemporary Debate* (Columbia University Press).
- Robert O., Keohane and Lisa L. Martin. 1995. The Promise of Institutionalist theory. *International Security* 20 (1): 39-51.

Week (February 20): The Multilateral Trading System

- Judith Goldstein and Lisa L. Martin. 2000. Legalization, Trade Liberalization, and Domestic Politics: A Cautionary Note. *International Organization* 54 (3): 603-32.
- Richard H. Steinberg. 2002. In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the GATT/WTO. *International Organization* 56 (2): 339-374.
- Christina L. Davis. 2004. International Institutions and Issue Linkage: Building Support for Agricultural Trade Liberalization. *American Political Science Review* 98 (1): 153-169.
- Andrew K. Rose. 2004. Do We Really Know that the WTO Increases Trade? *American Economic Review* 94 (1): 98-114.

Short Papers: _____

Further Reading:

- Anne O. Krueger (Ed.). 1998. *The WTO as an International Organization* (The University of Chicago Press).
- Marc L. Busch. 2000. Democracy, Consultation, and the Paneling of Disputes under GATT. *Journal of Conflict Resolution* 44: 425-446.
- WTO Secretariat (Ed.). 2000. *From GATT to the WTO: The Multilateral Trading System in the New Millennium* (Kluwer Law International).
- Bernard Hoekman, Michel Kostecki. 2001. *The Political Economy of the World Trading System: The WTO and Beyond* (Oxford University Press).
- Daniel L. M. Kennedy and James D. Southwick (Eds). 2002. *The Political Economy of International Trade Law: Essays in Honor of Robert E. Hudec* (Cambridge University Press).
- B. Peter Rosendorff. 2005. Stability and Rigidity: Politics and Design of the WTO's Dispute Settlement Procedure. *American Political Science Review* 99 (3): 389-400.

Week 7 (February 27): Regional Integration

- Andrew Moravcsik. 1991. Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community. *International Organization* 45 (1): 19-56.
- Walter Mattli. 1999. *The Logic of Regional Integration: Europe and Beyond* (Princeton University Press). Chapters 1-3.
- Edward D. Mansfield and Helen V. Milner. 1999. The New Wave of Regionalism. *International Organization* 53 (3): 569-627.
- George Tsebelis and Geoffrey Garrett. 2001. Intergovernmentalism and Supranationalism in the European Union. *International Organization* 55 (2): 357-390.

Short Papers: _____

Further Reading:

- Jaime de Melo, and Arvind Panagariya (Eds). 1993. *New Dimensions in Regional Integration* (Cambridge University Press).
- Miles Kahler. 1995. *International Institutions and the Political Economy of Integration* (The Brookings Institution).
- Edward D. Mansfield and Helen V. Milner (Eds). 1997. *The Political Economy of Regionalism* (Columbia University Press).
- Jeffery A. Frankel. 1997. *Regional Trading Blocs in the World Economic System* (Institute for International Economics).
- Edward D. Mansfield, Helen V. Milner, and B. Peter Rosendorff. 2002. Why Democracies Cooperate more: Electoral Control and International Trade Agreements. *International Organization* 56 (3): 477-513.
- James McCall Smith. 2000. The Politics of Dispute Settlement Design: Explaining Legalism in Regional Trade Pacts. *International Organization* 54 (1):137-180.
- Yoram Z. Haftel. 2004. From the Outside Looking In: The Effect of Trading Blocs on Trade Disputes in the GATT/WTO. *International Studies Quarterly* 48 (1): 121-142.

Week 8 (March 6): International Trade and Domestic Interest Groups

- Peter Gourevitch. 1978. The Second Image Reversed: The International Sources of Domestic Politics. *International Organization* 32 (4):881-912
- Helen V. Milner. 1987. Resisting the Protectionist Temptation: Industry and the Making of Trade Policy in France and the United States during the 1970s. *International Organization* 41 (4): 639-665.
- Ronald Rogowski. 1989. *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*. Chapters 1-4.
- Michael Hiscox. 2001. Class versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade. *International Organization* 55 (1):1-46.

Short Papers: _____

Further Reading:

- Peter J. Katzenstein (Ed.). 1978. *Between Power and Plenty: foreign economic policies of advanced industrial states* (Wisconsin University Press).
- Peter Gourevitch. 1986. *Politics in Hard Time: Comparative Responses to International Economic Crises* (Cornell University Press).
- Edward Mansfield and Marc L. Busch. 1995. The Political Economy of Nontariff Barriers: A Cross-National Analysis. *International Organization* 49 (4): 723-49.
- Kenneth F. Scheve and Mathew J. Slaughter. 2001. What Determines Individual Trade-Policy Preferences? *Journal of International Economics* 54: 267-292.
- Michael Hiscox. 2001. *International Trade and Political Conflict: Commerce, Coalitions, and Mobility* (Princeton University Press).
- Andy Baker. 2005. 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.

Week 9 (March 13): International Trade and Domestic Institutions

- Geoffrey G. Garrett and Peter Lange. 1995. Internationalization, Institutions, and Political Change. *International Organization* 49 (4): 627-655.
- Judith Goldstein. 1996. International Law and Domestic Institutions: Reconciling North American “Unfair” Trade Laws. *International Organization* 50 (4): 541-64.
- Robert H. Bates. 1997. *Open-Economy Politics: The Political Economy of the World Coffee Trade*. Entire.

Short Papers: _____

Further Reading:

- Peter Katzenstein. 1985. *Small States in World Markets* (Cornell University Press).
- Robert O. Keohane and Helen V. Milner (Eds.). 1996. *Internationalization and Domestic Politics* (Cambridge University Press).
- Beth Simmons. 1994. *Who Adjusts? Domestic Sources of Foreign Economic Policy during the Interwar Years* (Princeton University Press).
- Daniel Verdier. 1994. *Democracy and International Trade: Britain, France, and the United States, 1860-1990* (Princeton University Press).
- Helen V. Milner. 1997. *Interests, Institutions, and Information: Domestic Politics and International Relations* (Princeton University Press).
- Daniel Y. Kono. 2006. Optimal Obfuscation: Democracy and Trade Policy Transparency *American Political Science Review* 100 (3): 369-384.

Week 10(March 20): Economic Statecraft and the Use of Sanctions

- David A. Baldwin. 1985. *Economic Statecraft*. Chapters 3, 6, 7, 9.
- Lisa L. Martin. 1992. *Coercive Cooperation: Explaining Multilateral Economic Sanctions* (Princeton University Press). Chapters 1-2.
- Daniel W. Drezner. 2000. Bargaining, Enforcement, and Multilateral Sanctions: When is Cooperation Counterproductive? *International Organization* 54 (1): 73-102.

Short Papers: _____

Further Reading:

- Gary Clyde Hafbauer, Jeffrey J. Schott, and Kimberly Ann Elliott. 1990. *Economic Sanctions Reconsidered: History and Current Policy* (Institute of International Economics).
- Robert Pape. 1997. Why Economic Sanctions Do Not Work. *International Security* 22 (2): 90-136.
- Daniel W. Drezner. 1999. *The Sanctions Paradox: Economic Statecraft and International Relations* (Cambridge University Press).
- David M. Rowe. 2001. *Manipulating the Market: Understanding Economic Sanctions, Institutional Change, and the Political Unity of White Rhodesia* (Michigan University Press).

Week 11(April 3): The Political Economy of International Security

- Barry Buzan. 1984. Economic Structure and International Security: The Limits of the Liberal Case. *International Organization* 38 (4) 597-624.
- Joanne Gowa and Edward D. Mansfield. 1993. Power Politics and International Trade. *American Political Science Review* 87 (2): 408-420.
- David M. Rowe. 1999. World Economic Expansion and National Security in Pre-World War I Europe. *International Organization* 53 (2) 195-231.
- Kevin Narizni. 2003. Both Guns and Butter, or Neither: Class Interests in the Political Economy of Rearmament. *American Political Science Review* 97 (2): 203-220.

Short Papers: _____

Further Reading:

Albert O. Hirschman. 1945. *National Power and the Structure of Foreign Trade* (University of California Press).

Edward Meade Earl. 1986. Smith, Hamilton, and List: Economic Foundations of Military Power. In *The Makers of Modern Strategy*, ed. Peter Paret (Princeton University Press).

Jonathan Kirshner. 1998. Political Economy in Security Studies After the Cold War. *Review of International Political Economy* 5 (1): 64-91.

Fareed Zakaria. 1998. From Wealth to Power: The Unusual Origins of America's World Role (Princeton University Press).

Joanne Gowa and Edward D. Mansfield. 2004. Alliances, Imperfect Markets, and Major-Power Trade. *International Organization* 58 (4): 775-805.

Week 12(April 10): Interdependence and International Conflict

Edward D. Mansfield and Brian M. Pollins. *Economic Interdependence and International Conflict: New Perspectives on an Enduring Debates*. Chapters 1-14.

Short Papers: _____

Further Reading:

Joseph S. Nye. 1971. *Peace in Parts: Integration and Conflict in Regional Organization* (Little, Brown, and Company).

Brian M. Pollins. 1989. Does Trade Still Follow the Flag? *American Political Science Review* 83 (2): 465-480.

Dale C. Copeland. 1996. Economic Interdependence and War: A Theory of Trade Expectations. *International Security* 20: 5-41.

Erik Gartzke, Quan Li, and Charles Boehmer. 2001. Investing in the Peace: Economic Interdependence and International Conflict. *International Organization* 55 (2): 391-438.

Yoram Z. Haftel. 2007. Designing for Peace: Regional Integration Arrangements, Institutional Variation, and Militarized Interstate Disputes. *International Organization* 61 (1): 217-237.

Week 13 (April 17): Multinational Corporations and Foreign Direct Investment

Quan Li and Adam Resnick. 2003. Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries. *International Organization* 57 (1): 175-211.

Nathan M. Jensen. 2003. Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment. *International Organization* 57 (3): 587-616.

Zachary Elkins, 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.

Tim Buthe and Helen V. Milner. 2005. The Politics of Foreign Direct Investment into Developing Countries: Increasing FDI through Policy Commitment via Trade Agreements and Investment Treaties? Unpublished Manuscript.

Short Papers: _____

Further Reading:

Stephen J. Kobrin. 1987. Testing the Bargaining Hypothesis in the Manufacturing Sector in Developing Countries. *International Organization* 41 (4): 609-38.

Charles Lipson. 1985. *Standing Guard: Protecting Foreign Capital in the Nineteenth and Twentieth Centuries* (University of California Press).

Andrew C. Sobel. 1999. *State Institutions, Private Incentives, Global Capital* (University of Michigan Press).

James C. Baker. 1999. *Foreign Direct Investment in Less Developed Countries: The Role of ICSID and MIGA* (Quorum Books).

Theodore H. Moran. 1998. *Foreign Direct Investment and Development* (Institute of International Economics).

Edward M. Graham. 1999. *Fighting the Wrong Enemy: Antiglobal Activities and Multinational Enterprises* (Institute of International Economics).

Week 14(April 24): The International Financial System

David M. Andrews. 1994. Capital Mobility and State Autonomy: Towards a Structural Theory of International Monetary Relations. *International Studies Quarterly* 38 (2): 193 –218.

Stephan, Haggard and Sylvia Maxfield. 1996. The Political Economy of Internationalization in the Developing World. *International Organization* 50 (1): 35-68.

Benjamin J. Cohen. 1996. Phoenix Risen: The Resurrection of Global Finance. *World Politics* 48 (2): 268-296.

Beth A. Simmons. 2000. International Law and State Behavior: Commitment and Compliance in International Monetary Affairs. *American Political Science Review* 94 (2): 819-835.

Short Papers: _____

Further Reading:

Barry J. Eichengreen. 1996. *Globalizing Capital: A History of the International Monetary System* (Princeton University Press).

- Benjamin J. Cohen. 1997. The Political Economy of Currency Regions. In *The Political Economy of Regionalism*, ed. Edward D. Mansfield and Helen V. Milner, 50-76.
- Kathleen McNamara. 1997. *The Currency of Ideas* (Cornell University Press).
- Jonathan Kirshner. 2000. The Study of Money. *World Politics* 52 (3): 407-436.
- Joseph E. Stiglitz. 2002. *Globalization and Its Discontents* (W. W. Norton).
- Layna Mosley. 2003. *Global capital and National Governments* (Cambridge University Press).

Week 15 (May 1): Domestic Sources of Monetary Policy

- Jeffrey A. Frieden. 1991. Invested Interests: The Politics of National Economic Policies in a World of Global Finance. *International Organization* 45 (4): 425-451.
- William Bernhard and David Leblang. 1999. Democratic Institutions and Exchange Rate Commitments. *International Organization* 53 (1): 71-98.
- Thomas Oatley. 1999. How Constraining is capital Mobility? The Partisan Hypothesis in an Open Economy. *American Journal of Political Science* 43 (4) 1003-1027.
- Kenneth Scheve. 2004. Public Inflation Aversion and the Political Economy of Macroeconomic Policymaking. *International Organization* 58 (1): 1-34.

Short Papers: _____

Further Reading:

- Beth Simmons. 1994. *Who Adjusts? Domestic Sources of Foreign Economic Policy during the Interwar Years* (Princeton University Press).
- Thomas Oatley. 1997. *Monetary Politics: Exchange Rate Cooperation in the European Union* (Michigan University Press).
- William Bernhard, Lawrence Broz, and David Leblang (Eds.). 2002. The Political Economy of Monetary Institutions. *International Organization* 56 (4).
- David H. Bearce. 2003. Societal Preferences, Partisan Agents, and Monetary Policy Outcome. *International Organization* 57 (3): 373-410.
- Erica R. Gould. 2003. Money Talks: Supplementary Financiers and International Monetary Fund Conditionality. *International Organization* 57 (3): 551-586.

- **Note that the course outline may be altered. Any Changes will be announced in class in advance.**
- **Password: ipespring07**