

SOSC5750 International Political Economy

Fall 2017
Division of Social Science
The Hong Kong University of Science and Technology
Tuesdays 6:30 – 9:20 PM
Academic Building Room 2127A

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1. Course Objectives

This course surveys some of the important topics in international political economy. Specifically, it explores the politics of international economic relations by examining international trade and finance, foreign direct investment, international organizations, and development. Focus will be on understanding how domestic and international politics influence economic relations across borders and how international market integration affects domestic politics and policy decisions.

2. Course requirements

Class attendance and participation (25%)

You are expected to attend class and be prepared to participate in class discussions.

Reading summaries and questions (25%)

From Week 4 to 12, students will make a brief summary of one of the assigned readings and also submit at least 4 questions based on the required readings (at least 2 questions from each required reading; required readings are marked with *) each week. Very briefly provide your justification for the questions (i.e. why are the questions important/ relevant to the readings and the issues related to the topic) in a sentence or two. The questions should be emailed to the instructional assistant by 10 PM of the Monday before the class meets. Our class discussions will be based on your questions.

To generate questions based on the readings, you are advised to put effort into following the readings and first try to find out the main argument of the authors. Then you will also be curious as to why the authors make such arguments and how they support them. This approach will help you to come up with well-thought-out questions.

Policy memorandum (50%):

You will write a short paper (about 12 – 15 pages) and make a presentation at the end of the semester. In your policy memo, you provide a specific policy proposal relating to one of the topics covered in class and construct an argument for it. It should briefly describe the state of the recent research on the topic and how the research can be applied to public policy choices. Provide supporting evidence for your argument and suggest the courses of action needed. Further instructions will be given in class.

A one-page proposal should be submitted by Tuesday, 3 October, so that the instructor can help you with your project. In your proposal, you provide a specific policy proposal relating to one of the topics covered in class and provide your tentative argument.

You will make a brief presentation of your project in the last week of the class. This presentation will provide you with an opportunity to receive comments from your classmates and the instructor, which will allow you to incorporate the suggestions and revise the memo for your final submission. The submission due date is Friday, 1 December, by 5 PM.

3. Readings

You will have access to the weekly required readings via the course website (Canvas). The following books are recommended for background knowledge in IPE (placed at the library reserve):

Oatley, Thomas. 2004. *International Political Economy: Interests and Institutions in the Global Economy*.

Spero, Joan, and Jeffrey Hart. 2010. *The politics of international economic relations*.

4. Course Outline

Week 1 (5 Sept): Introduction

Frieden, Jeffrey. 2012 “The modern capitalist world economy: A historical overview.” *Oxford Handbook of Capitalism*. Ed. Dennis Mueller. (New York: Oxford University Press).

Week 2 (12 Sept): Perspectives in IPE

Gilpin, Robert. 1987. *The Political Economy of International Relations* (Princeton: Princeton University Press), Ch. 2.

Frieden, Jeffrey, David Lake, and J. Lawrence Broz. 2010. “Introduction” in *International Political Economy* (London: Routledge), 5th Ed., pp. 1-19.

Week 3 (19 Sept): Political Economy of International Trade

* Milner, Helen. 1999. The Political Economy of International Trade. *Annual Review of Political Science* 2: 91-114.

* Rogowski, Ronald. 1990. *Commerce and Coalitions: How trade affects domestic political alignments*, Ch. 1, pp. 3- 20.

Coughlin, Cletus. 2002. "The Controversy over Free Trade: The Gap between Economists and the General Public." Federal Reserve Bank of St. Louis.

Milner, Helen, and Keiko Kubota. 2005. "Why the Move to Free Trade? Democracy and Trade Policy in the Developing World." *International Organization* 59: 107 – 143.

Oatley Ch.3

Week 4 (26 Sept): International Trade and the World Trade Organization

* Rodrik, Dani. 2011. *The Globalization Paradox: Democracy and the Future of the World Economy*, Ch. 4, pp. 67-88.

* Busch, Marc and Eric Reinhardt. 2002. Testing International Trade Law: Empirical Studies of GATT/WTO Dispute Settlement. In Daniel Kennedy (ed.) *The Political Economy of International Trade Law: Essays in Honor of Robert Hudec*, pp. 457-81.

Ruggie, John. 1982. "International Regimes, Transactions, and Change: embedded liberalism in the postwar economic order." *International Organization* 36: 379-415.

Barton, John, Judith Goldstein, Timothy Josling and Richard Steinberg. 2006. *The Evolution of the Trade Regime*, Ch. 1, pp. 1 – 25.

Oatley Ch. 2; Spero & Hart Ch. 3

Week 5 (3 Oct): Political Economy of Foreign Direct Investment

* Jenkins, Rhys, 1987, *Transnational Corporations and Uneven Development*, pp.17-37.

* Simmons, Beth. 2014. Bargaining over BITs, Arbitrating Awards: The Regime for Protection and Promotion of International Investment. *World Politics* 66(1): 12-46.

Miller, John. 2003. "Why Economists Are Wrong about Sweatshops and the Antisweatshop Movement." *Challenge* 46(1): 93–122.

Tarzi, Shah. 1999. "Third World Governments and Multinational Corporations: Dynamics of Hosts' Bargaining Power." *International Relations* 10(3): 237 – 49.

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

Oatley, Ch. 5, Spero & Hart Ch. 4, 8

Week 6 (10 Oct): Political Economy of Development

* Woo-Cumings, Meredith. 1999. *The Developmental State* (Ithaca: Cornell University Press), Ch. 1, pp.1-31.

* Wade, Robert. 1990. *Governing the Market* (Princeton: Princeton University Press), Ch.1, pp. 8–33.

Haggard, Stephan. 2004. “Institutions and Growth in East Asia.” *Studies in Comparative International Development* 38 (4): 53-81.

Krueger, Ann. 1990. “Government Failures in Development.” *Journal of Economic Perspectives* 4: 9-25.

Oatley, Ch. 4

Week 7 (17 Oct): Political Economy of Income Distribution

* Dollar, David. 2005. “Globalization, Poverty, and Inequality since 1980,” *The World Bank Research Observer* 20:145–175.

* World Bank. 2005. *World Development Report 2006: Equity and Development*, Overview, pp. 1–17.

O'Rourke, Kevin H. 2001. “Globalization and Inequality: Historical Trends.” NBER Working Paper 8339.

Sokoloff, Kenneth and Stanley Engerman. 2002. “History Lessons: Institutions, Factors Endowments, and Paths of Development in the New World.” *Journal of Economic Perspectives* 14 (3): 217-232.

Spero & Hart Ch. 5

Week 8 (24 Oct): Political Economy of International Financial Relations

* Frieden, Jeffry. 2008. "Globalization and Exchange Rate Policy," In Ernesto Zedillo (ed), *The Future of Globalization*, pp. 344 – 357.

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

Broz, Lawrence and Jeffry Frieden. 2001. “The Political Economy of International Monetary Relations,” *Annual Review of Political Science* 4: 317 – 43.

Bernhard, William and David LeBlang. 1999. “Democratic Institutions and Exchange Rate Commitments.” *International Organization* 53 (1):71-97

Oatley Ch.6, 7

Week 9 (31 Oct): Financial Crises and the International Monetary Fund

* Stiglitz, Joseph. 2002. *Globalization and Its Discontents*, Ch. 4, pp. 89–132.

* Eichengreen, Barry. 2004. *Capital Flows and Crises*, Ch. 9, pp. 251–278.

Przeworski, Adam, and James Raymond Vreeland. 2000. “The Effects of IMF Programs on Economic Growth.” *Journal of Development Economics* 62 (2): 385-421.

Nooruddin, Irfan, and Joel Simmons. 2006. “The Politics of Hard Choices: IMF Programs and Government Spending.” *International Organization* 60(4): 1001–1033.

Spero & Hart Ch. 6

Week 10 (7 Nov): Research Week

Week 11 (14 Nov): Market Integration and Domestic Politics

* Mosley, Layna. 2004. “Constraints, Opportunities, and Information: Financial market – government relations around the world,” in Pranab Bardhan et al. (eds), *Globalization and Egalitarian Redistribution*, pp. 87–119.

* Garrett, Geoffrey. 1998. *Partisan Politics in the Global Economy*, Introduction, pp. 1 – 25.

Rudra, Nita. 2002. “Globalization and the Decline of the Welfare State in Less-Developed Countries.” *International Organization* 56 (2):411-445.

Swank, Duane and Sven Steinmo. 2002. The New Political Economy of Taxation in Advanced Capitalist Democracies. *American Journal of Political Science* 46(3): 642-655.

Week 12 (21 Nov): Socialist and Post-Communist Economies: Political Economy of Transition

* Goldstein, Steven. 1996. “China in Transition: The political foundation of incremental reform,” in Andrew Walder, *China’s Transitional Economy*, pp. 142–169.

* Peter Murrell. 1993. “What is Shock Therapy? What Did it Do in Poland and Russia?” *Post-Soviet Affairs* 9(2): 111-140.

Montinola, Gabriella, Yingyi Qian, and Barry R. Weingast. 1996. “Federalism, Chinese Style: The Political Basis for Economic Success.” *World Politics* 48 (1): 50-81.

Roland, Gerard. 2002. “The Political Economy of Transition.” *Journal of Economic Perspectives* 16 (1): 29-50.

Oatley Ch. 9

Week 13 (28 Nov): Student Presentations