

PSC/IR 274 International Political Economy

Instructor: Shu Yu

Class Location: MEL-218

Class Lectures: MW 9:00-10:15 AM

Office Hours: Wednesday, 16:00-17:00 and by appointment

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Course Description:

This course explores the interaction between politics and economics at the international level as well as between the international and domestic levels, involving various actors such as governments, interest groups, and multinational corporations. As an interdisciplinary field related to both international politics and international economics, international political economy examines the management and openness of the international economy, the determinants of foreign economic policy-making on topics such as trade, foreign exchange, capital controls, the politics of economic development, the effects of domestic political competition on international trade and capital flows, the determinants of regional integration, as well as the spread or containment of international financial crises. Students are expected to complete oral and written assignments which are designed to help them develop their problem solving, writing and presentation skills.

Required Text:

Thomas Oatley, *International Political Economy: Pearson New International Edition, Fifth Edition* (Pearson Education Limited, 2013), ISBN: 1292026960.

Suggested Text:

Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System, Second Edition* (Princeton University Press, 2008)

Course requirements:

For this course, it is essential to complete the required reading. Discussion will be a big portion of each session, and students will be expected to discuss the readings for the day listed on the syllabus. There will be 7-8 debate sessions where the students will form 2 teams (pro vs against) to discuss current IPE issues or hot IPE topics. Each session will take about 20-25 mins. Those topics will be chosen from news on Wall Street Journal/Financial Times or topics on the Economist. The topic will be announced one week before the scheduled debate. The first debate is scheduled on Sept 15, and the topic is *Is globalization in trouble?*. There will be a midterm exam on Wednesday, October 15, a final exam, and a short (3-page) paper, due at 5:00 pm on Wednesday, November 19. Grading will be as follows: 50% final exam, 20% midterm, 10% paper, 10% debate and 10% class participation.

Course Outline and Reading Assignment:¹

Introduction

Sept 3: Introduction

¹Suggested readings are denoted with *. They can be skipped. When listed papers are technically difficult, the students only need to scan through them to get the general idea. Other reading materials may be added or dropped later.

- Syllabus

Sept 8: What is international political economy?

- Oatley-Chapter1.
- *Frieden Lake Broz, "Introduction: International Politics and International Economics," pp. 1-19.

International Trade

Sept 10: The WTO and the world trade system

- Oatley- Chapter 2.
- * Bagwell, Kyle, and Robert W. Staiger. 1999. "An Economic Theory of GATT". The American Economic Review 89 (1):215-48.

Sept 15-17: The political economy of international trade cooperation (*Debate*)

- Oatley-Chapter 3
- * Carnegie, Allison. 2014. "States Held Hostage: Political Hold-Up Problems and the Effects of International Institutions". American Political Science Review 108:01, 54-70.

Sept 22-24: Two Approaches to the Politics of Trade (*Debate*)

- Oatley-Chapter 4-5
- * Mansfield, Edward D., Helen V. Milner, and B. Peter Rosendorff. 2002. "Why Democracies Cooperate More: Electoral Control and International Trade Agreements." International Organization 56 (3):477-513.
- Staiger, Robert W., and Guido Tabellini. 1999. "Do GATT Rules Help Governments Make Domestic Commitments?" Economics and Politics, 11(2): 109-44.

Sept 29: Trade Policy: Factors, Sectors and Voters

- *Alt, James E. and Michael Gilligan. 1994. "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions". Journal of Political Philosophy 2 (2):165-192.
- Mansfield, Edward D., and Diana C. Mutz. 2009. "Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety". International Organization 63 (3):425-57.
- Mayda, Anna and Dani Rodrik. 2005. "Why Are Some People (and Countries) More Protectionist Than Others?" European Economic Review 49 (6):1393-1430.

Oct 1: Trade Policy: Formation of US trade policy

- *Trefler, Daniel. 1993. "Trade Liberalization and the Theory of Endogenous Protection: An Econometric Study of US Import Policy". Journal of Political Economy 101 (1):138-160.
- Lohmann, Susanne and Sharyn O'Halloran. 1994. "Divided Government and U.S. Trade Policy: Theory and Evidence." International Organization 48 (4):595-632.
- Hiscox, Michael J. 2002. "Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation". American Political Science Review 96 (3):593-608.

Oct 6-8: Trade and Development (*Debate*)

- Oatley, Chapter 6-7
- * Sally, Razeen. 2008. "The Political Economy of Trade Policy Reform: Lessons from Developing Countries". The Journal of International Trade and Diplomacy 2 (2): 55-96.

Oct 15: Mid-term

International Finance

Oct 20-22: The International Monetary System: Part I (*Debate*)

- Oatley, Chapter 10
- * Eichengreen, Chapter 1-3

Oct 27-29: The International Monetary System: Part II

- Oatley, Chapter 11
- * Eichengreen, Chapter 4-5

Nov 3-5: Monetary and Exchange-Rate Policies (*Debate*)

- Oatley, Chapter 12-13

Nov 10-12: Developing Countries and International Finance (*Debate*)

- Required reading materials will be provided online.
- * Wade, Robert. 1992. "East Asia's Economic Success: Conflicting Perspectives, Partial Insights, Shaky Evidence". *World Politics* 44(2):270-320.

Nov 17: New investors: China's investment in Africa

- Cheung Yin-Wong, Jakob de Haan, Xingwang Qian and Shu Yu. 2012. "China's Outward Direct Investment in Africa". *Review of International Economics* 20(2): 201-220.
- *Cheung Yin-Wong, Jakob de Haan, Xingwang Qian and Shu Yu. 2014. "The Missing Link: China's Contracted Engineering Projects in Africa". *Review of Development Economics* 18(3): 564-584.

Nov 19-24: IMF and World Bank

- Krueger, Anne O. 1998. "Whither the World Bank and the IMF?" *Journal of Economic Literature*, 36 (4):1983-2020.
- Dreher, Axel and Sturm, Jan-Egbert. 2012. "Do the IMF and the World Bank influence voting in the UN General Assembly?". 151(1/2) : 363-397.
- Przeworski, Adam, and James Vreeland. 2000. "The Effect of IMF Programs on Economic Growth." *Journal of Development Economics* 62 (2):385-421.
- Dreher, Axel, and Gassebner, Martin. 2012. "Do IMF and World Bank Programs Induce Government Crises? An Empirical Analysis", *International Organization*, 66(02): 329-358.

Nov 26: No Class

Other Topics

Dec 1: Washington Consensus and Beijing Consensus (*Debate*)

- Gore, Charles. 2000. "The Rise and Fall of the Washington Consensus as a Paradigm for Developing Countries". *World Development* 28(5): 789-804.
- Rodrik, Dani. 2006. "Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform". *Journal of Economic Literature* 44(4): 973-987

Dec 3-8: Political Economy of Multinational Corporations (MNCs) and the Internationalization of Production.

- Oatley, Chapter 8-9

Dec 10: Review