

## PSCI618 - International Political Economy (Graduate) (V1.4)

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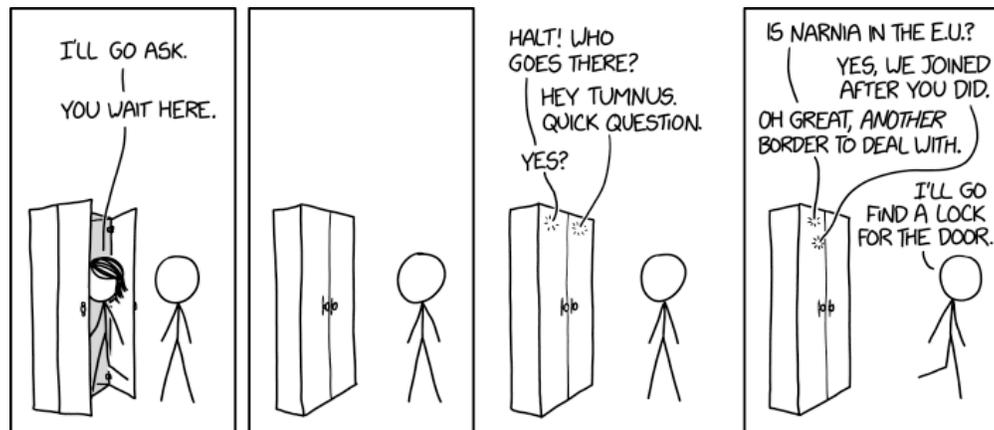
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Schedule: Friday 2-5PM

Office Hours: Friday 5-7PM, or whenever.

Class Location: On Zoom.

Course Website: On Canvas.



(Source: XKCD)

### Pandemic Plan

We'll meet via Zoom at the scheduled time each week. If there's sufficient demand I'll record it, but graduate seminars aren't especially well suited to asynchronous learning.

### Course Overview

International Political Economy (IPE) spans substantive topics like trade, finance, migration, the environment, and the intersection of these things with conflict issues. Given the sheer breadth of the field, no single course will be able to provide you with a complete survey, since there are so many different sub-areas we could focus on; public opinion and trade, constructivist theories, historical approaches, etc.

Recognizing this need to make choices, this course will focus to some degree (though by no means exclusively!) on the increasingly prominent subset of IPE that has been in a close dialogue with international economics. For instance, we will talk about some of the public opinion work that is especially established in this department, and which I think is super important, but you should really spend time talking to Diana or Ed about this stuff if it's what you're really interested in. My goal here is to leverage my particular skillset to provide you with added-value.

## Course Grading Breakdown

35% - Problem Sets (7 total, 5% each)

20% - Presentations (two, 10% each).

45% - **Choice:** Research Paper<sup>1</sup> OR Three (at 15% each) short (5 pages ish?) research design, analysis, or comp-prep (max two) papers.

### Presentations

You'll do two of these; present a paper for 15 minutes from the readings as if you were the authors. If you pick a paper you dislike, you will have to make peace with the cognitive dissonance.

### Problem Sets

I am, very annoyingly, a fan of problem sets for basically every type of course, substantive or technical. There's a lot of concrete, objective content to convey in all of these courses, and short, low stakes assignments are a great way to solidify understanding, and take stock of what we've learned. These will be assigned approximately biweekly. The content of these will vary widely; some of them will look more like regular problem sets, while others will be different kinds of short assignment (brief essays, written response questions, referee reports) depending on the material covered at the time.

### Paper(s)

If you're ready to write a research paper then this is a great opportunity to do so! What I'd be looking for here is something that could be presented at a conference; doesn't need to be super polished, but needs to have the basic characteristics of a paper and get the core contribution across.

If you don't feel prepared to write a research paper, don't want to commit to one topic yet, or if IPE isn't your area so you don't think it would be a productive endeavor, then you can write three shorter research design or analysis papers. Design here means: you outline in 5 pages or so a plan for a research project. These would be a good approach if you're interested in doing research in IPE, but don't feel you're quite at the stage where you want to commit to actually completing a paper, and want to try out some ideas and get some early feedback on them.

However, if you're more in the "no IPE projects for me, please" camp, then the analysis papers give you an alternative option. With these, you take an IPE paper and do a thorough discussion of the research design; talk about empirical strategies, modeling strategies, whatnot. Since this part of the grading structure is meant to build research skills, I'm looking for more than a summary of what the paper's about and the contribution it makes - instead, I want to know details about *how* the authors purport to make that contribution, including decisions made along the way. If you have a background in statistics or mathematical modeling, for instance, you could consider replicating empirical results or proofs as part of one of these. The idea is to "get under the hood" of a paper.

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<sup>1</sup>I don't care how long. Long enough to be useful.

Finally, by popular demand, and I'm allowing for two of the short papers to be 5 page essay responses to prompts like those you would see a comprehensive exam (either from a previous comp, or similar type prompts I have written). I will provide a list of these prompts for you to select from for writing these short papers.

## Late Policy

Y'all are grad students, so please submit stuff on time unless you can't, in which case let me know and I figure you'll probably have a good reason.

## Books and Other References

There are two required books for this course and one recommended reference.

- Elhanan Helpman - Understanding Global Trade
- Michael Trebilcock - Advanced Introduction to International Trade Law
- (Recommended) Krugman, Obstfeld, and Melitz - International Economics: Theory and Policy

## Course Schedule

- Week 1 (9/4) - Trade: Comparative Advantage, Deficits/Capital and Current Account
  - Helpman - Chapter 1,2
  - Krugman - Ricardo's Difficult Idea
  - Krugman - Two Cheers for Formalism
  - NYTimes - The Trade Deficit Isn't A Scorecard
  - Lake, David. 2009. Open Economy Politics: A critical review. The Review of International Organizations.
- Week 2 (9/11) - Trade: Factor and Industry Cleavages (Politics and Economics)
  - Helpman - Chapter 3
  - Autor, Dorn, and Hanson (2016) - The China shock: Learning from labor-market adjustment to large changes in trade (Annual Review of Economics)
  - Rogowski (1987) - Political Cleavages and Changing Exposure to Trade (APSR)
  - Hiscox (2001) - Class Versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade (IO)
  - Scheve and Slaughter (2001) - What determines individual trade-policy preferences? (JIE)
  - Mayda and Rodrik (2005) - Why are some people (and countries) more protectionist than others? (European Economic Review)
  - Milner and Kubota (2005) - Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries (IO)

- Betz and Pond (2019) - The Absence of Consumer Interests in Trade Policy (Journal of Politics)

**Recommended:**

- Busch and Reinhardt (1999). Industrial location and protection: The political and economic geography of US nontariff barriers. (AJPS)
- Scheve (2004). Public Inflation Aversion and the Political Economy of Macroeconomic Policymaking. (IO)
- Bagwell and Staiger (2004). The Economics of the World Trading System. (MIT Press)
- Milner and Tingley (2011). Who Supports Global Economic Engagement? (IO)

- Week 3-5 (9/18-10/2) - Trade: Intraindustry Trade, Firm Heterogeneity

- Stuff from my notes
- Helpman Ch 4
- Bombardini (2008) - Firm Heterogeneity and Lobby Participation (JIE)
- Osgood (2017) - The Breakdown in Industrial Opposition to Trade (World Politics)
- In Song Kim (2017) - Political cleavages within industry: Firm-level lobbying for trade liberalization (APSR)
- Kim and Osgood (2019) - Firms in Trade and Trade Politics (Annual Review of Political Science)

**Recommended:**

- Krugman (1980). Scale Economies, Product Differentiation, and the Pattern of Trade. (AER)
- Melitz (2003). The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity. (Econometrica)
- Melitz and Ottaviano (2008). Market Size, Trade, and Productivity. (Review of Economic Studies)
- Melitz and Trefler (2012). Gains from Trade When Firms Matter. (Journal of Economic Perspectives)
- Osgood (2016). Differentiated products, divided industries: firm preferences over trade liberalization. (Economics and Politics)
- Osgood et al. (2017). The Charmed Life of Superstar Exporters: Survey Evidence on Firms and Trade Policy. (JOP)
- Gulotty (2020). Narrowing the Channel: The Politics of Regulatory Protection in International Trade. (University of Chicago Press)
- Huneus and Kim (2020). The Effects of Firms' Lobbying on Resource Misallocation. (Working Paper)

- Week 6 (10/9) - Globalization of Supply Chains, MNCs, etc. Investment. Lobbying.

- My notes on horizontal and vertical integration.
- Helpman Ch 5
- Chase (2003) - Economic Interests and Regional Trading Arrangements: The Case of NAFTA (IO)
- Gray (2009) - International organization as a seal of approval: European Union accession and investor risk (AJPS)
- Osgood (2018) - Globalizing the Supply Chain: Firm and Industrial Support for US Trade Agreements (IO)
- Baccini, Dur, Elsig (2018) - Intra-Industry Trade, Global Value Chains, and Preferential Tariff Liberalization (ISQ)
- Grossman and Helpman (1994) - Protection for Sale (AER)
- Gilligan (1997) - Lobbying as a Private Good (ISQ)
- Bombardini and Trebbi (2019) - Empirical Models of Lobbying (Working Paper)

**Recommended:**

- Goldberg and Maggi (1999). Protection for Sale: An Empirical Investigation. (AER)
  - Gawande and Bandyopadhyay (2000). Is Protection for Sale? Evidence on the Grossman-Helpman Theory of Endogenous Protection. (The Review of Economics and Statistics)
  - Johns and Wellhausen (2016) - Under one roof: Supply chains and the protection of foreign investment (APSR)
  - Bombardini and Trebbi (2012). Competition and political organization: Together or alone in lobbying for trade policy? (Journal of International Economics)
  - Hall and Deardorff (2006). Lobbying as a Legislative Subsidy (APSR).
  - Brutger (2018). Litigation for Sale: Private Firms and WTO Dispute Escalation. (Working Paper)
- Week 7 (10/16) - Compensation/Embedded Liberalism. Populism/backlash against globalization.
    - Ruggie (1982) -International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order (IO)
    - Rodrik (1998) - Why Do More Open Economies Have Bigger Governments? (Journal of Political Economy)
    - Rudra (2002) - Globalization and the Decline of the Welfare State in Less-Developed Countries. (IO)
    - You and Ritchie (2020) - Trump and Trade: Protectionist Politics and Redistributive Policy (Journal of Politics)
    - Davis (2020) - Protection as a Commitment Problem (Working Paper)

**Recommended:**

- Burgoon (2001). Globalization and Welfare Compensation: Disentangling the Ties That Bind. (IO)
  - Kim (2007). Openness, external risk, and volatility: Implications for the compensation hypothesis. (IO)
  - Mansfield and Reinhardt (2008). International Institutions and the Volatility of International Trade. (IO)
  - Gray and Potter (2012). Trade and Volatility at the Core and Periphery of the Global Economy. (ISQ)
  - Rickard (2012). Welfare versus Subsidies: Governmental Spending Decisions in an Era of Globalization. (ISQ)
  - Hays, Ehrlich, and Peinhardt (2005). Government spending and public support for trade in the OECD: An empirical test of the embedded liberalism thesis. (IO)
  - Hays (2009). Globalization and the New Politics of Embedded Liberalism. (Oxford University Press)
  - Ehrlich and Hearn (2014). Does Compensating the Losers Increase Support for Trade? An Experimental Test of the Embedded Liberalism Thesis. (Foreign Policy Analysis)
  - Walter (2010) Globalization and the welfare state: Testing the microfoundations of the compensation hypothesis. (ISQ)
  - Margalit (2010). Costly Jobs: Trade-Related Layoffs, Government Compensation, and Voting in U.S. Elections. (APSR)
  - Nooruddin and Rudra (2014). Are Developing Countries Really Defying the Embedded Liberalism Compact? (World Politics)
  - Kim and Pelc (2020). The Politics of Trade Adjustment vs. Trade Protection. (Comparative Political Studies)
  - Davis (2020). Taxability and Trade. (Working Paper)
- Week 8 (10/23)- Trade and Public Opinion
    - Mansfield and Mutz (2009) - Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety (IO)
    - Mutz and Kim (2017) - The Impact of In-group Favoritism on Trade Preferences
    - Mutz (2018) - Status Threat, Not Economic Hardship, Explains the 2016 Presidential Vote (PNAS)
    - Fordham and Kleinberg (2012) - How Can Economic Interests Influence Support for Free Trade? (IO)
    - Rho and Tomz (2017) - Why don't trade preferences reflect economic self-interest? (IO)
    - Powell (2017) - Research Bets and Behavioral IR (IO)
    - Stantcheva (2020) - Understanding Economic Policies: What do people know and learn? (Working Paper)

**Recommended:**

- Lu, Scheve, and Slaughter (2012). Inequity Aversion and the International Distribution of Trade Protection. (AJPS)
  - Guisinger (2009). Determining trade policy: Do voters hold politicians accountable? (IO)
  - Guisinger (2017). American opinion on trade: Preferences without politics. (Oxford University Press)
  - Mansfield, Mutz, and Silver (2015). Men, Women, Trade, and Free Markets. (ISQ)
  - Mutz, Mansfield, and Kim (2020). The Racialization of International Trade (Political Psychology)
- Week 9 (10/30) - Migration
    - Borjas - “The Wage Impact of the Marieltos: A Reappraisal” (Skim This)
    - The Economist - “A New Paper Rekindles a Tiresome Debate on Immigration and Wages”
    - Hainmueller and Hiscox (2010) - Attitudes Toward Highly Skilled and Low-skilled Immigration: Evidence from a Survey Experiment. (APSR)
    - Hainmueller and Hopkins (2014) - Public Attitudes Towards Immigration (Annual Review of Political Science)
    - [Interview With Michael Clemens](#)
    - Lewis - “How Immigration Affects Workers: Two Wrong Models and a Right One”
    - Peters (2014) - Trade, Foreign Direct Investment and Immigration Policy Making in the US (IO)
    - Holland and Peters (2020) - Explaining Migration Timing: Political Information and Opportunities (IO)

**Recommended:**

    - Peri (2016). Immigrants, productivity, and labor markets. (Journal of Economic Perspectives)
    - Clemens and Hunt (2019). The labor market effects of refugee waves: reconciling conflicting results. (ILR Review)
    - Scheve and Slaughter (2001). Labor market competition and individual preferences over immigration policy. (Review of Economics and Statistics)
    - Goldstein and Peters (2014). Nativism or Economic Threat? Attitudes toward immigrants during the great recession. (International Interactions)
    - Fitzgerald, Leblang, and Teets (2014). Defying the Law of Gravity: The Political Economy of International Migration (World Politics)
    - Peters (2015). Open trade, Closed Borders Immigration in the era of Globalization (World Politics)
    - Shin (2017). Tyrants and migrants: Authoritarian immigration policy. (Comparative Political Studies)
  - Week 10 (11/6) - International Economic Law

- Trebilcock Ch. 1-8
- Koremenos, Lipson, Snidal (2001) - Rational Design of International Institutions (IO)
- Rosendorff and Milner (2001) - The optimal design of international trade institutions: Uncertainty and escape (IO)
- Pelc (2011) - Seeking Escape: The Use of Escape Clauses in International Trade Agreements (ISQ)

**Recommended:**

- Goldstein and Martin (2000). Legalization, trade liberalization, and domestic politics: a cautionary note. (IO)
  - Koremenos (2001). Loosening the Ties That Bind: A Learning Model of Agreement Flexibility. (IO)
  - Steinberg (2002). In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the in the GATT/WTO. (IO)
  - Rose (2004). Do We Really Know That the WTO Increases Trade? (AER)
  - Tomz, Goldstein, and Rivers (2007). Do We Really Know That the WTO Increases Trade? Comment. (AER)
  - Dai (2005). Why Comply? The domestic constituency mechanism (IO)
  - Rosendorff (2005). Stability and Rigidity: Politics and Design of the WTO's Dispute Settlement Procedure. (APSR)
  - Goldstein, Rivers, and Tomz (2007). Institutions in International Relations: Understanding the Effects of the GATT and the WTO on World Trade. (IO)
  - Mansfield and Pevehouse (2006). Democratization and International Organizations. (IO)
  - Huth and Allee (2006). Legitimizing Dispute Settlement: International Legal Rulings as Domestic Political Cover. (APSR)
  - Kucik and Reinhardt (2008). Does Flexibility Promote Cooperation? An Application to the Global Trade Regime. (IO)
  - Betz (2017). Trading Interests: Domestic Institutions, International Negotiations, and the Politics of Trade. (JOP)
  - Davis (2021). Screening for Losers: Trade Institutions and Information. (Review of International Organizations)
- Week 11 (11/13) - More Int'l Law/Institutions
    - Bailey, Goldstein, Weingast (1997). The Institutional Roots of American Trade Policy (World Politics)
    - Martin and Simmons (1998) - Theories and Empirical Studies of International Institutions (IO)
    - Mansfield and Milner (1999) - The new wave of regionalism (1999)
    - Gilligan and Johns (2012) - Formal Models of International Institutions (ARPS)

- Pelc (2014) - Politics of Precedent in International Trade Law (APSR)
- Baccini (2019) - The Economics and Politics of Preferential Trade Agreements (ARPS)

**Recommended:**

- Keohane (1984). After Hegemony. (Princeton University Press)
- Chayes and Chayes (1993). On Compliance. (IO)
- Downs et al. (1996). Is the Good News about Compliance Good News about Cooperation? (IO)
- Fearon (1998). Bargaining, Enforcement and International Cooperation. (IO)
- Abbott and Snidal (1998) Why States Act Through Formal International Organizations. (Journal of Conflict Resolution)
- Gilligan (2004). Is There a Broader-Deeper Trade-off in International Multilateral Agreements? (IO)
- Stone (2004). The Political Economy of IMF Lending in Africa. (APSR)
- Davis (2004). International Institutions and Issue Linkage: Building Support for Agricultural Trade Liberalization. (APSR)
- Limao (2007). Are preferential trade agreements with non-trade objectives a stumbling block for multilateral liberalization? (Review of Economic Studies)

• Week 12 (11/20) - Macro, exchange rates, whatnot

- The Economist. [Mundell-Fleming: Two out of Three Ain't Bad.](#)
- Bernhard and Leblang (1999). Democratic Institutions and Exchange-Rate Commitments (IO)
- Clark and Hallerberg (2000). Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy (APSR)
- Walter (2008). A New Approach for Determining Exchange-Rate Level Preferences (IO)
- Singer (2010). Migrant remittances and exchange rate regimes in the developing world (APSR)
- Copelovitch and Pevehouse (2013). Ties that bind? Preferential trade agreements and exchange rate policy choice (ISQ)
- Copelovitch, Frieden, Walter (2016) - The political economy of the euro crisis (Comparative Political Studies)

**Recommended:**

- Simmons (2000). International law and state behavior: Commitment and compliance in international monetary affairs. (APSR)
- Broz (2002). Political system transparency and monetary commitment regimes. (IO)
- Singer (2004). Capital Rules: The Domestic Politics of International Regulatory Harmonization. (IO)

- Copelovitch and Pevehouse (2013). Ties that Bind? Preferential Trade Agreements and Exchange Rate Policy Choice. (ISQ)
- Jensen, Quinn, and Weymouth (2015). The Influence of Firm Global Supply Chains and Foreign Currency Undervaluations on US Trade Disputes. (IO)
- Betz and Kerner (2016). Real exchange rate overvaluation and WTO dispute initiation in developing countries. (IO)
- Week 13 (11/25 [will be recorded if you can't make it]) - More Finance Stuff, Capital Flows
  - Frieden (1991) - Invested Interests: The Politics of National Economic Policies in a World of Global Finance (IO)
  - Quinn and Inlanc (1997) - The Origins of Financial Openness: A Study of Current and Capital Account Liberalization (AJPS)
  - Mosley and Uno (2007) - Racing to the bottom or climbing to the top? Economic globalization and collective labor rights (Comparative Political Studies)
  - Mukherjee and Singer (2010) - International institutions and domestic compensation: the IMF and the politics of capital account liberalization (AJPS)
  - Pond (2018) - Worker influence on capital account policy: Inflow liberalization and outflow restrictions (International Interactions)
  - Pond and Zafeiridou (2020) - The Political Importance of Financial Performance (AJPS)

**Recommended:**

  - Quinn (1997) - The correlates of change in international financial regulation. (APSR)
  - Alfaro (2004). Capital controls: a political economy approach. (Review of International Economics)
  - Basinger and Hallerberg (2004). Remodeling the competition for capital: How domestic politics erases the race to the bottom. (APSR)
  - Brooks and Kurtz (2012). Paths to financial policy diffusion: statist legacies in Latin America's globalization. (IO)
  - Keefer (2007). Elections, Special Interests, and Financial Crises. (IO)
  - Pond (2018) - Financial liberalization: Stable autocracies and constrained democracies. (Comparative Political Studies)
- Week 14 (12/4) - Intersections with security and environmental politics
  - Mansfield and Pollins - Interdependence and Conflict: An Introduction
  - Morrow (1999) - How Could Trade Affect Conflict (IO)
  - Mansfield and Pevehouse (2000) - Trade Blocs, Trade Flows, and International Conflict (IO)
  - Fordham (2007) - Revisionism Reconsidered: Exports and American Intervention in World War I (IO)
  - Gartzke (2007) - The Capitalist Peace (AJPS)

- Davis (2021) - War as a Redistributive Problem (AJPS)
- Kennard (2020) - The Enemy of My Enemy: When Firms Support Climate Change Regulation (IO)
- Cory, Lerner, and Osgood (2020) - Supply Chain Linkages and the Extended Carbon Coalition (AJPS)

**Recommended:**

- Krasner (1976). State Power and the Structure of International Trade. (World Politics)
- Morrow, Siverson, and Tabares (1998). The political determinants of international trade: The major powers, 1907-90. (APSR)
- Martin, Mayer, and Thoenig (2008). Make trade not war? (Review of Economics Studies)
- Scheve and Stasavage (2010). The conscription of wealth: mass warfare and the demand for progressive taxation. (IO)
- Scheve and Stasavage (2012). Democracy, war, and wealth: lessons from two centuries of inheritance taxation. (APSR)
- Berger, Easterly, Nunn, Satyanath (2013). Commercial imperialism? Political influence and trade during the Cold War. (AER)
- Coe (2020). The Modern Economic Peace. (Working Paper)
- Genovese (2019) - Sectors, Pollution, and Trade: How Industrial Interests Shape Domestic Positions on Global Climate Agreements (ISQ)
- Bechtel, Genovese, and Scheve (2019) - Interests, Norms, and Support for the Provision of Global Public Goods: The Case of Climate Cooperation (BJPS)
- Perlman (2020) - For Safety or Profit? How Science Serves the Strategic Interests of Private Actors (AJPS)