

Political Science 231
International Political Economy
Spring 2016
Wednesdays, 9 – 11:50 a.m.
Bunche 2174

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DESCRIPTION OF THE COURSE

Traditionally, international relations studied how states interacted strategically and militarily. Today, and especially in light of populist movements against trade and immigration, we are at least as interested in states' economic interactions – in international trade, investment, migration, and currency flows – and in how international economic relations affect, and are affected by, international and domestic politics and structures of governance. These issues are at the heart of the field known as International Political Economy; and as cross-border trade and investment have become easier – as “globalization” in an economic sense has intensified – they have become more acute.

As its name implies, IPE lies at the intersection of international economics and international politics (with a large dollop of domestic politics thrown in). No one can do good IPE without a firm grasp of the basics of international trade theory from economics, and readings from that area necessarily constitute part of the materials of this course.

The course will be split into two sections: (1) international trade theory and migration (Weeks 1-6), and (2) international finance (Weeks 7-10). In order to prepare those with little background in international economics, the first week of each section will give a broad overview of the relevant theories that are the foundation of trade and finance. Additional materials will be made available to assist in fully understanding the theories (e.g., problem sets, additional readings at a more accessible level, and instructional videos from the Khan Academy). Just as economists cannot do political economy without a firm understanding of political systems, political scientists must understand the foundations of international economics before delving into the IPE literature.

This syllabus is **provisional**: we will discuss in the initial session how to alter it to fit the needs and interests of the participants.

COURSE REQUIREMENTS AND GRADING

1. I will ask each participant in the course, including auditors, to lead the seminar discussion of one week's readings, and to participate fully and informedly in each week's

discussion. The discussion leader should not prepare a presentation but rather a set of questions for the class to critically examine the arguments in the literature. (It does NOT suffice to ask, “What did you think of the readings?”)

2. If you are taking the course for credit you will be asked, additionally, to submit three short papers (3-5 pages) that critically examine the readings for a given week, but not the week you lead discussion. These short papers should address some aspect of the week’s readings and, when appropriate, should integrate them with material from earlier weeks. The papers should be analytical, NOT a summary. You do not need address every reading, but more than one should be analyzed. These will be due at 5pm on the Tuesday before we meet.
3. As a final paper, complete any of the following projects: (a) a short research note on an agreed topic relevant to the course; (b) a critical survey of important recent research (particularly working papers or recently published articles) that extends or builds on one of the topics of the course; or (c) a research proposal for work that would advance some aspect of the field. Whichever of these you choose, the product should be about ten pages in length.
4. Final grades in the course will be calculated as:

In-class presentation	15 per cent
Short papers	20 per cent
Participation	30 per cent
Final paper	35 per cent.

In your interest and in fairness to your colleagues, grades of “Incomplete” will be allowed only on the basis of extreme personal hardship (illness, death in the family, etc.).

SCHEDULE OF TOPICS AND READINGS

WEEK 1 INTRODUCTION AND OVERVIEW OF THE COURSE

BACKGROUND READING (TO BE COVERED AS EACH OF YOU FIND NECESSARY OR HELPFUL)

- Grieco, Joseph M., and G. John Ikenberry. 2003. The Economics of International Trade. In *State Power and World Markets: The International Political Economy*, 19-56. New York: W.W. Norton.
- Milner, Helen V. 2013. "International Trade." In *Handbook of International Relations*, eds. Walter Carlsnaes, Thomas Risse, and Beth A. Simmons, 720-745. Thousand Oaks, CA: Sage.
- Krugman, Paul, Maurice Obstfeld, and Marc Melitz. 2011. *International Economics*, 9th Ed. Chap. 1, New York: Prentice-Hall.

WEEK 2 BASIC THEORY OF INTERNATIONAL TRADE: FROM RICARDO'S COMPARATIVE ADVANTAGE TO HECKSCHER-OHLIN'S FACTOR ENDOWMENTS; DISTRIBUTIONAL EFFECTS OF TRADE

- Krugman, Paul, Maurice Obstfeld, and Marc Melitz. 2011. *International Economics*, 9th Ed. Chap. 2-6, 9-10, New York: Prentice-Hall.
[We will review this material in class, but you should come having attempted to understand the theories and having begun to penetrate the jargon we will utilize through the next four weeks.]
- Rodrik, Dani. 1995. "Political Economy of Trade Policy." In *Handbook of International Economics, Vol. III*, eds. Gene Grossman and Kenneth Rogoff. 1457-94. Elsevier Science B.V.
[Gives a nice overview of the model typologies we will discuss in Weeks 3 and 4, and an overview of the Krugman, Obstfeld, and Melitz chapters. Do not get bogged down in the mathematics.]
- Helpman, Elhanan. 1999. "The Structure of Foreign Trade." *Journal of Economic Perspectives* 13:2 (Spring): 121-144.
[Dated, but still one of the best overviews of trade theories, including Ricardian theory and intro to H-O.]
- Kim, In Song. 2013. "Political Cleavages within Industry: Firm-level Lobbying for Trade Liberalization." Working Paper, Princeton University. ^[L]_[SEP][The foundational paper of "new new" trade theory.

- Davis, Donald R, and David E. Weinstein. 2002. “Technological Superiority and the Losses from Migration.” National Bureau of Economic Research, Working Paper 8971. [The first major statement of “neo-Ricardian” trade theory.]

Selected Further Reading:

- More on Heckscher-Ohlin theory can be found at:
<http://internationalecon.com/v1.0/ch60/60c010.html>
International economics encyclopedia on H-O
- More on Viner’s specific factors model:
<http://internationalecon.com/v1.0/ch70/70c200.html>
International economics encyclopedia on Viner
- Stolper, Wolfgang and Paul Samuelson. 1941. “Protection and Real Wages.” *The Review of Economic Studies* 9:1 (November): 58-73.
[The origins of the Stolper-Samuelson theory.]
- Samuelson, Paul. 1967. “Summary on Factor-Price Equalization.” *International Economic Review* 8:3 (October): 286-295.
- For a tutorial on comparative advantage and the gains from trade, see the Khan Academy videos here: <https://www.khanacademy.org/economics-finance-domain/microeconomics/choices-opp-cost-tutorial/gains-from-trade-tutorial/v/comparative-advantage-specialization-and-gains-from-trade>

WEEK 3 TRADE PREFERENCES OF VOTERS, FIRMS, PARTIES, AND GOVERNMENTS

- Scheve, Kenneth and Matthew Slaughter. 2001. “What Determines Individual Trade-Policy Preferences?” *Journal of International Economics* 54(2): 267–292.
- Mayda, Anna and Dani Rodrik. 2005. “Why Are Some People (and Countries) More Protectionist Than Others?” *European Economic Review* 49(6): 1393–1430.
- Jäkel, Ina, and Marcel Smolka. 2013. “Individual Attitudes Towards Trade: Stolper-Samuelson Revisited.” *Open Economies Review* 24: 731-61.
[Working Paper version on course webpage.]
- Hainmueller, Jens and Michael Hiscox. 2006. “Learning to Love Globalization: Education and Individual Attitudes Toward International Trade.” *International Organization* 60(2): 469–498.
- Blonigen, Bruce A. 2011. “Revisiting the Evidence on Trade Policy Preferences.” *Journal of International Economics* 86(1): 129–135.

- Mayer, Wolfgang. 1984. "Endogenous Tariff Formation." *American Economic Review* 74(5): 970–985. [The seminal piece that tries to apply the median voter theorem to formation of trade policy.]
- Baldwin, Robert E., and Christopher Magee. 2000. "Is Trade Policy for Sale? Congressional Voting on Recent Trade Bills." *Public Choice* 105(1–2): 79–101.
- Goldberg, Pinelopi K., & Giovanni Maggi. 1999. "Protection for Sale: An Empirical Investigation." *American Economic Review* 89(5): 1135–55.

Selected further reading:

- Mansfield, Edward D. and Diana C. Mutz. 2009. "Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety." *International Organization* 63(3): 425–457.
- Baker, Andy. 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.
- Fordham, Benjamin O., and Katja B. Kleinberg. 2012. "How Can Economic Interests Influence Support for Free Trade?" *International Organization* 66(2): 311–328.
- Hays, Jude S., Sean D. Ehrlich, and Clint Peinhardt. 2005. "Government Spending and Public Support for Trade in the OECD: An Empirical Test of the Embedded Liberalism Thesis." *International Organization* 59(2): 473–494.
- Lu, Xiaobo, Kenneth Scheve, and Matthew J. Slaughter. 2012. "Inequity Aversion and the International Distribution of Trade Protection." *American Journal of Political Science* 56(3): 638–654.
- Milner, Helen V. and Dustin H. Tingley. 2011. "Who Supports Global Economic Engagement? The Sources of Preferences in American Foreign Economic Policy." *International Organization* 65(1): 37–68.
- O'Rourke, Kevin H. and Richard Sinnott. 2001. "The Determinants of Individual Trade-Policy Preferences: International Survey Evidence." *Brookings Trade Forum* 2001: 157–196.
- Rho, Sungmin, & Michael Tomz. 2013. "Industry, Self-Interest, and Individual Preferences over Trade Policy." Working Paper, Stanford University.
- Dutt, Pushan, & Devashish Mitra. 2005. "Political Ideology and Endogenous Trade Policy: An Empirical Investigation." *Review of Economics and Statistics* 87(1): 59–72.

- Guisinger, Alexandra. 2009. "Determining Trade Policy: Do Voters Hold Politicians Accountable?" *International Organization* 63(3): 533–557.
- Bailey, Michael. 2001. "Quiet Influence: The Representation of Diffuse Interests on Trade Policy, 1983–94." *Legislative Studies Quarterly* 26(1): 45–80.
- Beaulieu, Eugene, & Christopher Magee. 2004. "Four Simple Tests of Campaign Contributions and Trade Policy Preferences." *Economics and Politics* 16(2): 163–87.
- Bombardini, Matilde, & Francesco Trebbi. 2012. "Competition and Political Organization: Together or Alone in Lobbying for Trade Policy?" *Journal of International Economics* 87(1): 18–26.
- Epstein, David, and Sharyn OHalloran. 1996. "The Partisan Paradox and the U.S. Tariff, 1877-1934." *International Organization* 50(2): 301–324.
- Gawande, Kishore, & Bandyopadhyay Usree. 2000. "Is Protection for Sale? Evidence on the Grossman-Helpman Theory of Endogenous Protection." *Review of Economics and Statistics* 82(1): 139–52.
- Gawande, Kishore, Pravin Krishna, & Marcelo Olarreaga. 2009. "What Governments Maximize and Why: The View from Trade." *International Organization* 63(3): 491–531.
- Goldstein, Judith. 1988. "Ideas, Institutions, and American Trade Policy." *International Organization* 42(1): 179–217.
- Grossman, Gene M., & Elhanan Helpman. 1994. "Protection for Sale." *American Economic Review* 84(4): 833–50.
- Hiscox, Michael J. 2002. "Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation." *American Political Science Review* 96(3): 593–608.
- Krueger, Anne O. 1997. "Trade Policy and Economic Development: How We Learn." *American Economic Review* 87(1): 1–22.
- Milner, Helen V., & Benjamin Judkins. 2004. "Partisanship, Trade Policy, and Globalization: Is There a Left-Right Divide on Trade Policy?" *International Studies Quarterly* 48(1): 95–119.
- Mitra, Devashish. 1999. "Endogenous Lobby Formation and Endogenous Protection: A Long-Run Model of Trade Policy Determination." *American Economic Review* 89(5): 1116–34.

WEEK 4 TRADE AND DOMESTIC INSTITUTIONS

- Alt, James E., & 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.
- Rogowski, Ronald. 1987. "Trade and the Variety of Democratic Institutions." *International Organization* 41(2): 203–223.
- Milner, Helen, & Keiko Kubota. 2005. "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries." *International Organization* 59(1): 707-43.
- Bailey, Michael, Judith Goldstein, & Barry R. Weingast. 1997. "The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade." *World Politics* 49(3): 309–338.
- Karol, David. 2007. "Does Constituency Size Affect Elected Officials Trade Policy Preferences?" *Journal of Politics* 69(2): 483–494.
- Henisz, Witold J., & Edward D. Mansfield. 2006. "Votes and Vetoes: The Political Determinants of Commercial Openness." *International Studies Quarterly* 50: 189-211.

Selected Further Reading:

- Alt, James E., Jeffrey Frieden, Michael Gilligan, Dani Rodrik, & Ronald Rogowski. 1996. "The Political Economy of International Trade: Enduring Puzzles and an Agenda for Inquiry." *Comparative Political Studies* 29(6): 689–717.
- Gilligan, Michael J. 1997. *Empowering Exporters: Reciprocity, Delegation, and Collective Action in American Trade Policy*. Ann Arbor: University of Michigan Press.
- Haggard, Stephan. 1988. "The Institutional Foundations of Hegemony: Explaining the Reciprocal Trade Agreements Act of 1934." *International Organization* 42(1): 91–119.
- Hiscox, Michael J. 1999. "The Magic Bullet? The RTAA, Institutional Reform, and Trade Liberalization." *International Organization* 53(4): 669–698.
- Irwin, Douglas A., & Randall S. Kroszner. 1999. "Interests, Institutions, and Ideology in Securing Policy Change: The Republican Conversion to Trade Liberalization after Smoot-Hawley." *Journal of Law and Economics* 42(2): 643–673.
- Mansfield, Edward D., & Marc L. Busch. 1995. "The Political Economy of Nontariff

- Barriers: A Cross-National Analysis.” *International Organization* 49(4): 723–749.
- Mansfield, Edward D., Helen V. Milner, & B. Peter Rosendorff. 2000. “Free to Trade: Democracies, Autocracies, and International Trade.” *American Political Science Review* 94(2): 305–321.
 - Mitra, Devashish, Dimitrios Thomakos, & Mehmet Ulubasoglu. 2002. “Protection for Sale In A Developing Country: Democracy vs. Dictatorship.” *The Review of Economics and Statistics* 84(3):497- 508.
 - Park, Jong Hee, & Nathan Jensen. 2007. “Electoral Competition and Agricultural Support in OECD Countries.” *American Journal of Political Science* 51(2):314-329.
 - Tavares, José. 2008. “Trade, Factor Proportions, and Political Rights.” *Review of Economics and Statistics* 90(1): 163–168.

WEEK 5 TRADE AND INTERNATIONAL INSTITUTIONS

- Bagwell, Kyle, & Robert W. Staiger. 1999. “An Economic Theory of GATT.” *American Economic Review* 89(1): 215–248.
- Mansfield, Edward D., Helen V. Milner, & B. Peter Rosendorff. 2002. “Why Democracies Cooperate More: Electoral Control and International Trade Agreements.” *International Organization* 56(3): 477– 513.
- Tomz, Michael, Judith L. Goldstein, & Douglas Rivers. 2007. “Do We Really Know That the WTO Increases Trade? Comment.” *American Economic Review* 97(5): 2005–2018.
- Rose, Andrew K. 2007. “Do We Really Know That the WTO Increases Trade? Reply.” *American Economic Review* 97(5): 2019–2025.
- Blanchard, Emily J. 2014. “What Global Fragmentation Means for the WTO.” WTO Working Papers.

Selected Further Reading:

- Rosendorff, B. Peter, & Helen V. Milner. 2001. "The Optimal Design of International Trade Institutions: Uncertainty and Escape." *International Organization* 55(4): 829–857.
- Abbott, Kenneth W., & Duncan Snidal. 1998. "Why States Act through Formal International Organizations." *Journal of Conflict Resolution* 42(1): 3–32.
- Bagwell, Kyle, & Robert W. Staiger. 2011. "What Do Trade Negotiators Negotiate About? Empirical Evidence from the World Trade Organization." *American Economic Review* 101(4): 1238–73.
- Davis, Christina. 2012. *Why Adjudicate? Enforcing Trade Rules in the WTO*. Princeton, NJ: Princeton Univ. Press.
- Goldstein, Judith L., Douglas Rivers, and Michael Tomz. 2007. "Institutions in International Relations: Understanding the Effects of the GATT and the WTO on World Trade." *International Organization* 61(1): 37–67.
- Gowa, Joanne, & Soo Yeon Kim. 2005. "An Exclusive Country Club: The Effects of the GATT on Trade, 1950-94." *World Politics* 57(4): 453–78.
- Hafner-Burton, Emilie M. 2005. "Trading Human Rights: How Preferential Trade Agreements Influence Government Repression." *International Organization* 59(3): 593–629.
- Limao, Nuno 2006. "Preferential Trade Agreements as Stumbling Blocks for Multilateral Trade Liberalization: Evidence for the United States." *American Economic Review* 96(3): 896–914.
- Maggi, Giovanni, & Andres Rodriguez-Clare. 1998. "The Value of Trade Agreements in the Presence of Political Pressures." *Journal of Political Economy* 106(3): 574–601.
- Mansfield, Edward D., & Jon C.W. Pevehouse. "The Expansion of Preferential Trading Arrangements." *International Studies Quarterly* 57: 592–604.
- Mansfield, Edward D., & Eric Reinhardt. 2003. "Multilateral Determinants of Regionalism: The Effects of the GATT/WTO on the Formation of Preferential Trading Arrangements." *International Organization* 57, no. 4 (Fall): 829–62.
- Mearsheimer, John J. 1994. "The False Promise of International Institutions." *International Security* 19(3): 5–49.

- Rosendorff, Peter. 2005. “Stability and Rigidity: Politics and the Design of the WTO’s Dispute Resolution Procedure.” *American Political Science Review* 99(3): 389–400.
- Staiger, Robert W. and Guido Tabellini. 1999. “Do GATT Rules Help Governments Make Domestic Commitments?” *Economics and Politics* 11(2): 109–144.
- Subramanian, Arvind, & Shang-Jin Wei. 2007. “The WTO Promotes Trade, Strongly but Unevenly.” *Journal of International Economics* 72(1): 151–75.

WEEK 6 TRADE AND REGIONAL INSTITUTIONS

[to be supplied later]

WEEK 7 INTERNATIONAL FINANCE: CAPITAL MOBILITY, EXCHANGE RATES, AND MONETARY POLICY

- Krugman, Paul, Maurice Obstfeld, and Marc Melitz. 2011. *International Economics, 9th Ed.* Chap. 14, 15, 18, New York: Prentice-Hall.
[As before, we will review this material in class, but you should come having attempted to understand the theories and having seen the jargon we will utilize through the remainder of the course.]
- Schularick, Moritz, and Alan M. Taylor. 2012. “Credit Booms Gone Bust: Monetary Policy, Leverage Cycles, and Financial Crises, 1870-2008.” *American Economic Review*, 102(2): 1029-61.
- Frieden, Jeffrey A. 2015. *Currency Politics*. Princeton, NJ: Princeton University Press, introduction and chaps. 1, 4, and 7.
- Eichengreen, Barry. 1995. “The Endogeneity of Exchange-Rate Regimes.” In Kenen, Peter B., ed., *Understanding Interdependence: The Macroeconomics of the Open Economy*. Princeton, NJ: Princeton University Press, pp. 3–33.

Selected Further Reading:

- Aizenman, Joshua. 2013. “The Impossible Trinity (aka The Policy Trilemma).” In *The Evidence and Impact of Financial Globalization*, ed. Gerard Caprio. Waltham, MA: Elsevier, pp. 381–390.
- Bernhard, William, & David Leblang. 1999. “Democratic Institutions and Exchange Rate Commitments.” *International Organization* 53(1): 71–97.
- Broz, J. Lawrence, & Seth H. Werfel. Forthcoming. “Exchange Rates and Industry Demands for Trade Protection.” *International Organization*.

- Clark, William R., & Mark Hallerberg. 2000. "Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy." *American Political Science Review* 94(2): 323–346.
- Frieden, Jeffrey A. 1991. "Invested Interests: The Politics of National Economic Policies in a World of Global Finance." *International Organization* 45(4): 425–451.
- Keefer, Philip, & David Stasavage. 2003. "The Limits of Delegation: Veto Players, Central Bank Independence, and the Credibility of Monetary Policy." *American Political Science Review* 97(3): 407–423.
- Milner, Helen V., & Bumba Mukherjee. 2009. "Democratization and Economic Globalization." *Annual Review of Political Science* 12: 163–181.
- Quinn, Dennis P., & Carla Inclan. 1997. "The Origins of Financial Openness: A Study of Current and Capital Account Liberalization." *American Journal of Political Science* 41(3): 771–813.
- Ruggie, John G. 1982. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order." *International Organization* 36(2): 379–415. [Dated, but a classic that is still frequently cited.]
- Scheve, Kenneth. 2004. "Public Inflation Aversion and the Political Economy of Macroeconomic Policymaking." *International Organization* 58(1): 1–34.
- Simmons, Beth. 1994. *Who Adjusts? Domestic Sources of Foreign Economic Policy During the Interwar Years*. Princeton, NJ: Princeton Univ. Press.
- Simmons, Beth A., and Zachary Elkins. 2004. "The Globalization of Liberalization: Policy Diffusion in the International Political Economy." *American Political Science Review* 98(1): 171–189.
- Simmons, Beth A. 2000. "International Law and State Behavior: Commitment and Compliance in International Monetary Affairs." *American Political Science Review* 94(4): 819–835.
- Tomz, Michael. 2012. "International Finance." In *Handbook of International Relations*, 2nd ed., eds. Walter Carlsnaes, Thomas Risse, and Beth Simmons. New York: Sage, 2012.

WEEK 8 INTERNATIONAL DEBT

- Krugman, Paul, Maurice Obstfeld, and Marc Melitz. 2011. *International Economics*, 9th Ed. Chap. 13, New York: Prentice-Hall.
- Tomz, Michael. 2007. *Reputation and International Cooperation: Sovereign Debt across Three Centuries*. Princeton, NJ: Princeton University Press, chaps. 1–3, 5–7.
- Beaulieu, Emily, Gary W. Cox, & Sebastian Saiegh. 2012. “Sovereign Debt and Regime Type: Reconsidering the Democratic Advantage.” *International Organization* 66(4): 709–738.
- Bechtel, Michael M., Jens Hainmueller, & Yotam M. Margalit. 2014. “Preferences for International Redistribution: The Divide Over the Eurozone Bailouts.” *American Journal of Political Science* 58: 835–856.

Selected Further Reading:

- Borensztein, Eduardo, & Ugo Panizza. 2009. “The Costs of Sovereign Default.” IMF Staff Papers 56: 683–714.
- Bulow, Jeremy, & Kenneth Rogoff. 1989. “A Constant Recontracting Model of Sovereign Debt.” *Journal of Political Economy* 97(1): 155–178.
- Ferguson, Niall, & Moritz Schularick. 2006. “The Empire Effect: The Determinants of Country Risk in the First Age of Globalization, 1880–1913.” *Journal of Economic History* 66(2): 283–312.
- Finnemore, Martha. 2003. “Sovereign Default and Military Intervention.” In *The Purpose of Intervention: Changing Beliefs about the Use of Force*. Ithaca, NY: Cornell Univ. Press, 24–51.
- Martinez, Jose Vicente, & Guido Sandleris. 2011. “Is it Punishment? Sovereign Defaults and the Decline in Trade.” *Journal of International Money and Finance* 30(6): 909–930.
- Mitchener, Kris James, & Marc D. Weidenmier. 2010. “Supersanctions and Sovereign Debt Repayment.” *Journal of International Money and Finance* 29(1): 19–36.
- Panizza, Ugo, Federico Sturzenegger, & Jeromin Zettelmeyer. 2009. “The Economics and Law of Sovereign Debt and Default.” *Journal of Economic Literature* 47(3): 651–698.
- Rose, Andrew K. 2005. “One Reason Countries Pay their Debts: Renegotiation and International Trade.” *Journal of Development Economics* 77(1): 189–206.

- Saiegh, Sebastian M. 2009. "Coalition Governments and Sovereign Debt Crises." *Economic & Politics* 21, no. 2 (July): 232–54.
- Schultz, Kenneth A., & Barry R. Weingast. 2003. "The Democratic Advantage: Institutional Foundations of Financial Power in International Competition." *International Organization* 57(1): 3–42.
- Stasavage, David. 2007. "Cities, Constitutions, and Sovereign Borrowing in Europe, 1274–1785." *International Organization* 61(3): 489–525.
- Tomz, Michael, & Mark L. J. Wright. 2013. "Empirical Research on Sovereign Debt and Default." *Annual Reviews of Economics*, forthcoming.

WEEK 9 FOREIGN DIRECT INVESTMENT

- Kobrin, Stephen J. 1987. "Testing the Bargaining Hypothesis in the Manufacturing Sector in Developing Countries." *International Organization* 41(4): 609–638.
- Frieden, Jeffrey A. 1994. "International Investment and Colonial Control: A New Interpretation." *International Organization* 48(4): 559–593.
- Elkins, Zachary, Andrew T. Guzman, & Beth A. Simmons. 2006. "Competing for Capital: The Diffusion of Bilateral Investment Treaties, 1960–2000." *International Organization* 60(4): 811–846.
- Jensen, Nathan. 2003. "Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment." *International Organization* 57(3): 587–616.
- Li, Quan. 2009. "Democracy, Autocracy, and Expropriation of Foreign Direct Investment." *Comparative Political Studies* 42(8):1098–1127.

Selected Further Reading:

- Allee, Todd, & Clint Peinhardt. 2011. "Contingent Credibility: The Impact of Investment Treaty Violations on Foreign Direct Investment." *International Organization* 65(3): 401–432.
- Buthe, Tim, and Helen Milner. 2008. "The Politics of Foreign Direct Investment into Developing Countries: Increasing FDI through International Trade Agreements?" *American Journal of Political Science* 52(4):741–62.
- Hanson, Gordon H., Raymond J. Mataloni, Jr. & Matthew J. Slaughter. 2001. "Expansion Strategies of U.S. Multinational Firms." *Brookings Trade Forum*: 245–282.
- Henisz, Witold J. 2000. "The Institutional Environment for Multinational

Investment.” *Journal of Law, Economics, & Organization* 16(2): 334–364.

- Helpman, Elhanan. 2006. “Trade, FDI, and the Organization of Firms.” *Journal of Economic Literature* 44(3): 589–630.
- Li, Quan, & Adam Resnick. 2003. “Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries.” *International Organization* 57(1): 175–211.
- Pandya, Sonal. 2010. “Labor Markets and Demand for Foreign Direct Investment.” *International Organization* 64(3): 389–409.
- Pandya, Sonal. Forthcoming. “Democratization and FDI Liberalization, 1970–2000.” *International Studies Quarterly*.
- Pinto, Pablo, and Santiago M. Pinto. 2008. “The Politics of Investment. Partisanship and the Sectoral Allocation of Foreign Direct Investment.” *Economics & Politics* 20(2): 216–254.
- Scheve, Kenneth F., & Matthew J. Slaughter. 2004. “Economic Insecurity and the Globalization of Production.” *American Journal of Political Science* 48(4): 662–674.
- Tobin, Jennifer L. & Marc L. Busch. 2010. “A BIT is Better Than a Lot: Bilateral Investment Treaties and Preferential Trade Agreements.” *World Politics* 62(1): 1–42.

WEEK 10 INTERNATIONAL FINANCIAL CRISES: EMERGING MARKETS, THE US, AND THE EUROPEAN MONETARY UNION

- Krugman, Paul, Maurice Obstfeld, and Marc Melitz. 2011. *International Economics, 9th Ed.* Chap. 20-21, New York: Prentice-Hall.
- Sachs, Jeffrey, Aaron Tornell, and Andres Velasco. 1996. “Financial Crises in Emerging Markets: The Lessons from 1995.” NBER Working Paper No. 5576.
- Congleton, Roger D. 2009. “On the Political Economy of the Financial Crisis and Bailout of 2008-2009.” *Public Choice* 140: 287-317.
- Alesina, Albert, Robert J. Barro, and Solana Tenreyro. 2002. “Optimal Currency Areas.” NBER Macroeconomics Annual 17: 301-56.
[Understand the main points; you do not need to read the comments at the end.]
- Feldstein, Martin (1997). “The Political Economy of the European Economic and Monetary Union: Political Sources of an Economic Liability.” *Journal of Economic Perspectives* 4(11): 23-42.