

Institutions and International Political Economy
Political Science 770
Graduate Seminar

Autumn 2006
Monday 3:30-6:18

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Office Hours: Wednesday 10-12:00

Course Description

This course, designed for political science Ph.D. students, is an introduction to theories of institutions and their applications to international relations in the area of political economy. We first look at positive political economy as an approach to understanding political behavior, addressing the literatures on collective action, bargaining, and institutional design. We then explore major debates and intellectual approaches to the study of IPE, such as the role of hegemony; problems of international cooperation and regime building in the world economy; interdependence and globalization; economic statecraft and the role of power in international economic relations; the role of domestic politics and institutions (as both an independent and dependent variable); and the causes and consequences of regionalism. Substantively, the course focuses mostly on the politics and institutions of international trade.

Readings

Readings are available in the course texts, in the Reading Room (Derby Hall 2174), or online. The required books are available at the SBX bookstore. Students are expected to complete all of the assigned readings. For each reading, we will summarize the argument, discuss its contribution to and place in the literature, and probe the argument and evidence for strengths and weaknesses.

Course texts

Miles Kahler & David Lake, eds. 2003. Governance in a Global Economy. Princeton.

David Baldwin. 1985. Economic Statecraft. Princeton.

James Alt & Kenneth Shepsle, eds. 1990. Perspectives on Positive Political Economy. Cambridge.

Lisa Martin. 1992. Coercive Cooperation. Princeton.

Robert Gilpin. 2001. Global Political Economy. Princeton.

Robert Keohane. 1984. After Hegemony. Princeton.

Suggested: Robert Keohane & Helen Milner, eds. 1996. Internationalization and Domestic Politics. Cambridge.

Course Requirements

This is a seminar. Each student will be expected to participate actively in class discussions, which will be geared toward understanding, critiquing and comparing the readings assigned for each session. Your effective participation will therefore depend on how carefully you have read the material. The readings will also form the conceptual (and sometimes empirical) basis for the three paper assignments, which should build explicitly on the course readings and should refer to readings on the syllabus that are relevant to the topic. Students should also keep in mind that many of the readings will be required knowledge for General Exams, including the IR core exam, the IPE exam, the IO exam, and the political economy subfield exam.

The final grade will be based on the following components:

- 60% – three analytical papers (20% each), not to exceed five pages; see topics below
- 20% – 5 memos on the readings. The memos should contain a critique and should raise an issue for discussion for each of the week's readings. Each student must complete five memos during the course of the quarter. Memos should be one page long and are due via email by noon on the day before class
- 20% – class participation, including:
 - Attendance. After one unexcused absence, each unexcused absence will cost a letter grade.
 - Contribution to discussions.
 - Reading presentations. Each week, students will be assigned presentations on one or more of the readings for the following week. In these brief presentations (five minutes maximum), you should summarize the argument and, when relevant, the empirical findings.

Topics for Analytical Papers

Topic #1 (due October 9)

There are both advantages and disadvantages entailed in applying economic analysis—i.e., rational choice theory and tools—to international relations. Discuss one or more advantages and one or more disadvantages that you find potentially important. The advantages/disadvantages may be empirical, theoretical, practical, or whatever you choose; however, they must be general (though not necessarily inherent) advantages/disadvantages of rational choice in the realm of international relations rather than discussions of specific works that employ rational choice. In the end, do the advantages outweigh the disadvantages?

Topic #2 (due November 6)

What is economic globalization? Does it matter for the study of political economy? If so, how? Please provide specific empirical examples to support your arguments.

Topic #3 (due December 4)

Select a WTO dispute settlement case of your choosing. Provide a brief legal history of the case—i.e., describe the case's path through the WTO dispute settlement mechanism and where it stands now—and summarize the positions of the relevant parties to the case. Was the WTO effective at resolving the conflict? What do the events surrounding the case tell us about institutionalist theory and/or theories of IPE?

Week 1

Course Introduction

What is Political Economy? Substance and Approach

Gilpin, *Global Political Economy*, Chapter 2.

Gary Becker. 1986. The Economic Approach to Human Behavior. In Jon Elster, ed., *Rational Choice*.

Peter Ordeshook. 1990. The Emerging Discipline of Political Economy. In Alt & Shepsle.

William Riker. 1990. Political Science and Rational Choice. In Alt & Shepsle.

Week 2

Neoclassical Economics and Its Limits: Choice and Social Outcomes

Gilpin, *Global Political Economy*, Chapter 3.

Ronald Coase. 1960. The Problem of Social Cost. *The Journal of Law and Economics* 3 (October): 1-44.

Thomas Schelling. 1960. An Essay on Bargaining. In *The Strategy of Conflict*.

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

Kenneth Shepsle. 1992. Congress Is a “They,” Not an “It”: Legislative Intent as Oxymoron. *International Review of Law and Economics* 12: 139-56.

Week 3 (Paper #1 due)

Institutions and Hegemony

Douglas North & Barry Weingast. 1989. Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in 17th-Century England. *The Journal of Economic History* 49(4): 803-832.

Paul Milgrom, North & Weingast 1990. The Role of Institutions in the Revival of Trade. *Economics and Politics* 1: 1-23.

Charles Kindleberger. 1981. Dominance and Leadership in the International Economy: Exploitation, Public Goods, and Free Rides. *International Studies Quarterly* 25(2): 242-254.

Stephen Krasner. 1976. State Power and the Structure of International Trade. *World Politics* 28(3): 317-43.

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

Week 4

Theories of International Cooperation and Institutions

Gilpin, *Global Political Economy*, Chapters 1, 4.

Douglas North, 1990. Institutions and a Transaction-Cost Theory of Exchange. In Alt & Shepsle.

Keohane. *After Hegemony*, Chapters 4-6

Kenneth Oye. 1985. Achieving Cooperation under Anarchy: Hypotheses and Strategies, *World Politics* 38: 1-24.

Week 5

Domestic Institutions and Foreign Economic Policy

Gilpin, *Global Political Economy*, Chapter 7.

Joanne Gowa. 1988. Public Goods and Political Institutions: Trade and Monetary Policy Processes in the United States. *International Organization* 42(1).

Jeffrey Frieden. 1988. Sectoral Conflict and U.S. Foreign Economic Policy, 1914-1940. *International Organization* 42(1).

Robert Putnam. 1988. Diplomacy and Domestic Politics: The Logic of Two-Level Games. *International Organization* 42: 427-61.

Peter Cowhey. 1993. Domestic Institutions and the Credibility of International Commitments. *International Organization* 47(2): 299-326.

Week 6

Globalization and Domestic Institutions

- Ronald Rogowski. 1989. *Commerce and Coalitions*, Chapter 1.
- Geoffrey Garrett & Peter Lange. 1996. Internationalization, Institutions, and Political Change. In Keohane & Milner.
- Miles Kahler & David Lake, eds., *Governance in a Global Economy*
-Chapters by Kahler & Lake, Simmons & Elkins, and Gourevitch

Week 7 (Paper #2 due)

Economic Statecraft and Strategic Trade Policy

- Albert Hirschman. 1945. *National Power and the Structure of Foreign Trade*, pp. 13-40.
- David Baldwin. *Economic Statecraft*, Chapters 3, 6-7, 9 (pp. 206-24)
- Jeffrey Hart & Aseem Prakesh. 1997. Strategic Trade and Investment Policies: Implications for the Study of International Political Economy. *The World Economy* 20(4): 457-476.

Week 8

Economic Sanctions and International Institutions

- Lisa Martin, *Coercive Cooperation*, Chapters 1-4, 6.
- Daniel Drezner. 2000. Bargaining, Enforcement, and Multilateral Sanctions: When Is Cooperation Counterproductive? *International Organization* 54(1).
- Anne Miers & T. Clifton Morgan. 2002. *International Interactions* 28(2): 117-36.

Week 9

The WTO and Trade Disputes

- Robert Hudec. 1999. The New WTO Dispute Settlement Procedure: An Overview of the First Three Years. *Minnesota Journal of Global Trade* 8(1): 1-53.
- Paul Stephan. 2000. Sheriff or Prisoner? The United States and the World Trade Organization. *Chicago Journal of International Law* 1(1): 49-74.
- Marc Busch & Eric Reinhardt. 2000. Bargaining in the Shadow of the Law. *Fordham Intl. Law Journal* 24: 158-72. Available at <<http://www.georgetown.edu/users/mlb66/fordham.pdf>>.
- Warren Schwartz & Alan Sykes. 2002. The Economic Structure of Renegotiation and Dispute Resolution in the World Trade Organization. *Journal of Legal Studies* 31(1).
- Yoram Haftel. 2004. From the Outside Looking In: The Effect of Trading Blocs on Trade Dispute in the GATT/WTO. *International Studies Quarterly* 48(1): 121-42.

Week 10

Regional Integration and Institutions

- Helen Milner & Edward Mansfield & Helen Milner. 1999. The New Wave of Regionalism. *International Organization* 53(3).
- Lloyd Gruber. 2001. Power Politics and the Free Trade Bandwagon. *Comparative Political Studies* 34(7): 703-41.
- Andrew Moravcsik. 1991. Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community, *International Organization* 45: 19-56.
- Paul Pierson. 1996. The Path to European Integration: A Historical Institutional Analysis. *Comparative Political Studies* 29(2): 123-63.
- Kathleen McNamara. 2003. Globalization, Institutions, and Convergence: Fiscal Adjustment in Europe. In Kahler & Lake.

December 4 – Paper #3 due