

# **POLI 243: International Politics of Economic Relations**

**McGill University, Winter 2024**  
**Monday, Wednesday, and Friday 12:35-1:25pm**  
**Location: MCMED 522**

**Instructor:** Professor Leonardo Baccini  
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**Office hours:** Mon, 11am-12pm, and Wed, 2-3pm

## **Course Description**

This course is an introduction to international political economy (IPE). The course is divided into four parts. The first part will introduce the main paradigms surrounding IPE debates. The second part of the course introduce the main theories related to trade and monetary policy. The third part of the course surveys the main debates related to international economic cooperation. The fourth part of the course addresses current problems in IPE. The course has a strong empirical component: Students learn how to apply theoretical debates to current or past real-world events.

## **Objectives**

By the end of the course, students will:

- Be familiar with the main debates in IPE;
- Be able to understand and critically evaluate widely-used political economy models.

**Class schedule:** Lectures are typically schedule on Monday and Wednesday, 12:35-1:25pm throughout the term. January 12 is the only lectures scheduled on Friday. Conferences will begin on the January 15-19 week. Classes on February 12 and April 3 are recorded, i.e. not in person. There is no class on January 5 and February 14. The last class in on April 10.

## **Course Requirements**

The grade consists of two short papers, one longer paper, and conference participation. Each short paper has a 1,500-word limit and is worth 25% (together accounting for 50%). The first paper, which focuses on Part I, is due February 11. The second paper, which focused on Part II, is due on March 10. The longer paper (2,500-word limit, worth 40%), which focused on Part III and IV, is due on April 12. I will provide topics for each paper well in advance. All the papers must be submitted to Mycourses. Participation in conferences led by TAs accounts for 10%.

<b>Assignment</b>	<b>Weight</b>	<b>Due Date</b>
Participation	10%	Throughout the term
Short paper I	25%	February 11, 2024
Short paper II	25%	March 10, 2024
Long paper	40%	April 12, 2024

## **Policies**

In order to calculate your final grade, I sum all of the points you have received in the class and convert the points into letter grades using the following scale:

85-100 = A  
80-84 = A-  
75-79 = B+  
70-74 = B  
65-69 = B-  
60-64 = C+  
55-59 = C  
50-54 = D  
Below 50 = F

I round up scores of 0.5 and higher and round down scores of less than 0.5. No exceptions are made to the above system of converting points into letter grades.

Students who wish to contest a grade for an assignment or exam must do so in writing (by email, sent to the T.A.) providing the reasoning behind their challenge to the grade received, within two weeks of the day on which the assignments are returned. If they are not satisfied by the TA's answer, they can write me to re-assess the grade. In that case, I re-evaluate the paper, but also reserve the right to raise or lower the grade.

Students who need to miss a class due to a religious holiday should notify me at least fourteen days prior to the holiday. If you must miss an examination in order to observe a religious holy day, you are given an opportunity to complete the missed work within a reasonable time after the absence.

Late work will be penalized by 5 points per day. If you drop-off late work outside of class, you must have it time-stamped and signed by a secretary in the political science department.

## **Course Materials**

There is no textbook. All assigned readings consist of articles available on MyCourses. However, many of the readings are chapters from the following two books:

1. Frieden, Lake, and Broz. 2017. *International Political Economy: Perspectives on Global Power and Wealth*, edited by Frieden, Lake, and Broz. Norton & Company (6<sup>th</sup> edition).
2. Martin, Lisa. 2015. In *The Oxford Handbook of Political Economy of International Trade*. Oxford University Press.

## **Extraordinary Circumstances**

In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.

## **Copyright of Lectures**

All slides, video recordings, lecture notes, etc. remain the instructor's intellectual property. As such, you may use these only for purposes of your own learning (and research, with proper

referencing/citation). You are not permitted to disseminate or share these materials; doing so may violate the instructor's intellectual property rights and could be cause for disciplinary action.

### **Academic Integrity**

*McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offenses under the Code of Student Conduct and Disciplinary Procedures. (See <http://www.mcgill.ca/integrity> for more information).*

**Note:** In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded. «Conformément à la Charte des droits de l'étudiant de l'Université McGill, chaque étudiant a le droit de soumettre en français ou en anglais tout travail écrit devant être noté.»

## **Tentative Class Schedule**

### **Part I: Paradigms & Theories in IPE**

January 5 -- NO CLASS

#### Week 1

January 8 -- Introduction & Logistics

- Frieden, Lake, and Broz. 2017. Introduction. In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Frieden, Lake, and Broz. Norton & Company (6<sup>th</sup> edition). Pp 1-17.

January 10 – Realism

- Kenneth Waltz, "Structural Realism after the Cold War," *International Security* 25 (1) Summer 2000, 5-41.
- Eichengreen, Barry. *Hegemonic stability theories of the international monetary system*. No. w2193. National Bureau of Economic Research, 1987.

January 12 -- (Neo-)Liberalism

- Andrew Moravcsik, "Taking Preferences Seriously: A Liberal Theory of International Relations," *International Organization* 51 (4), 1997, 513-554.
- Keohane, Robert O. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton, NJ: Princeton University Press, chapter 3.

## Week 2

### January 15 -- Constructivism

- Martha Finnemore and Kathryn Sikkink, "International Norm Dynamics and Political Change," *International Organization* 52 (4), Autumn 1998, 887-917.
- Schimmelfennig, Frank. 2001. "The Community Trap: Liberal Norms, Rhetorical Action, and the Eastern Enlargement of the European Union." *International Organization*, 55: 47-80.

### January 17 -- Game Theory

- McAdams, R. H. (2008). Beyond the prisoners' dilemma: Coordination, game theory, and law. *S. Cal. L. Rev.*, 82, 209.

## Week 3

### January 22 -- Selectorate Theory

- Bueno de Mesquita. 2003. *The Logic of Political Survival*. Chapter 2.
- Gallagher, M. E., & Hanson, J. K. (2015). Power tool or dull blade? Selectorate theory for autocracies. *Annual Review of Political Science*, 18, 367-385.

### January 24 -- New Institutional Economy

- Klein, P. G. (1998). New institutional economics. *Available at SSRN 115811*.
- Gilligan, M. J. (2005). The Transactions Costs Approach to Understanding International Institutions: An Intellectual Legacy of Robert O. Keohane. *Mimeo*.

## **Part II: Trade & Finance**

## Week 4

### January 29 -- Factor model

- Oatley. *The Political Economy of International Trade Cooperation*. In *International Political Economy*. Rutledge, chapter 3.
- Rogowski, R. 1987. "Political Cleavages and Changing Exposure to Trade." *American Political Science Review*, Vol. 81 (4), pp. 1121-1137.

January 31 -- Sector model

- Alt, Friedan, Gilligan, and Rodrik. 1997. "The Political Economy of International Trade: Enduring Puzzles and an Agenda for Inquiry." *Comparative Political Studies*, pp. 689-717.
- Hiscox MJ. Class versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade. *International Organization*. 2001: 55 (1), pp 1-46.

### Week 5

February 5 -- Intra-industry

- Sen, S. (2010). International trade theory and policy: A review of the literature. *Mimeo*.
- Cameron and Thies. Intra-industry Trade and Policy Outcomes. 2015. In *The Oxford Handbook of Political Economy of International Trade*, edited by Lisa Martin. Oxford University Press, chapter 10.

February 7 -- Trade and Development

- Waterbury, J. (1999). The long gestation and brief triumph of import-substituting industrialization. *World Development*, 27(2), 323-341.
- Manger and Shadlen. Trade and Development. 2015. In *The Oxford Handbook of Political Economy of International Trade*, edited by Lisa Martin. Oxford University Press, chapter 25.

### Week 6

February 12 -- Foreign Direct Investment [recorded]

- Jensen et al. 2012. *Politics and Foreign Direct Investment*. Michigan University Press, chapter 1.
- Frieden, Lake, and Schultz. 2022. *World Politics: Interests, Interactions, Institutions*, 5<sup>th</sup> edition, 390-96.

February 14 -- NO CLASS

### Week 7

February 19 -- Policy Trilemma

- Aizeman, Joshua. 2017. The Impossible Trinity (aka the Policy Trilemma). In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Frieden, Lake, and Broz. Norton & Company (6<sup>th</sup> edition), chapter 13.

- Copelovitch and Pevehouse. 2015 Bridging the Silos: Trade and exchange rate in international political economy. In *The Oxford Handbook of Political Economy of International Trade*, edited by Lisa Martin. Oxford University Press, chapter 24.

February 21 -- Globalization and Exchange Rate Policy

- J. Lawrence Broz and Jeffrey Frieden, "The Political Economy of Exchange Rates" *Handbook of Political Science*, 2006, 587-597.
- Frieden, Jeffrey. 2017. Globalization and Exchange Rate Policy. In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Frieden, Lake, and Broz. Norton & Company (6<sup>th</sup> edition), chapter 14.

### **Part III: International Cooperation**

#### Week 8

February 26 -- Fearon's model

- Fearon, James D. 1998. "Bargaining, Enforcement, and International Cooperation." *International Organization* 52 (2): 269-305.
- Drezner, D. W. (2000). Bargaining, enforcement, and multilateral sanctions: when is cooperation counterproductive?. *International organization*, 54(1), 73-88.

February 28 -- Managerial School vs Game Theory School

- Downs, George W., David M. Rocke, and Peter N. Barsoom. 1996. "Is the Good News About Compliance Good News About Cooperation?" *International Organization* 50 (3): 379-406.
- Chayes, A., & Chayes, A. H. (1993). On compliance. *International organization*, 47(2), 175-205.

#### Week 9

March 13 -- Putnam's model

- Putnam, Robert. 1988. "Diplomacy and Domestic Politics: The Logic of Two Level Games." *International Organization* 42 (3): 427-460.
- Fearon, J. D. (1998). Domestic politics, foreign policy, and theories of international relations. *Annual Review of Political Science*, 1(1), 289-313.

## March 11 -- The Rational Design of IOs

- Koremenos, Barbara, Charles Lipson, and Duncan Snidal. 2001. "The Rational Design of International Institutions." *International Organization* 55 (4): 761-799.
- Rosendorff, B. P., & Milner, H. V. (2001). The optimal design of international trade institutions: Uncertainty and escape. *International Organization*, 55(4), 829-836.

## Part IV: Current Debates

### Week 10

#### March 18 – Migration

- Freeman and Kessler. 2017. Political Economy of Migration Policy. In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Frieden, Lake, and Broz. Norton & Company (6<sup>th</sup> edition), chapter 23.
- Peters. 2015. Trade and Migration. In *The Oxford Handbook of Political Economy of International Trade*, edited by Lisa Martin. Oxford University Press, chapter 27.

#### March 20 -- Environment

- Barkin. 2015. Trade and Environment. In *The Oxford Handbook of Political Economy of International Trade*, edited by Lisa Martin. Oxford University Press, chapter 23.
- Keohane and Victor. 2017. Cooperation and Discord in Global Climate Policy. In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Frieden, Lake, and Broz. Norton & Company (6<sup>th</sup> edition), chapter 31.

### Week 11

#### March 25 -- Foreign Aid

- Wright, J., & Winters, M. (2010). The politics of effective foreign aid. *Annual Review of Political Science*, 13, 61-80.
- Easterly, W. (2003). Can foreign aid buy growth?. *Journal of Economic Perspectives*, 17(3), 23-48.

## March 27 – Austerity and Redistribution

- Hays, J. C., Ehrlich, S. D., & Peinhardt, C. (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.
- Hopkin, J. (2020). *Anti-system politics: The crisis of market liberalism in rich democracies*. Oxford University Press. Chapter 2.

## Week 12

April 1 -- NO CLASS (Easter Monday)

April 3 -- Individual Preferences [recorded]

- Kuo and Megumi. Individual Attitudes. 2015. In *The Oxford Handbook of Political Economy of International Trade*, edited by Lisa Martin. Oxford University Press, chapter 6.
- Mansfield and Mutz. US versus Them: Mass Attitudes toward Offshore. In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Frieden, Lake, and Broz. Norton & Company (6<sup>th</sup> edition), chapter 33.

## Week 13

April 8 -- The Backlash against Globalization

- Walter, S. (2021). The backlash against globalization. *Annual Review of Political Science*, 24, 421-442.
- Margalit, Y. (2019). Economic insecurity and the causes of populism, reconsidered. *Journal of Economic Perspectives*, 33(4), 152-170.

April 10 -- The Past, Present, and Future of Development

- Rodrik. 2017. The Past, the Present, and the Future of Economic Growth. In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Frieden, Lake, and Broz. Norton & Company (6<sup>th</sup> edition). Chapter 27.
- Sokoloff and Engerman. 2017. History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World. In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Frieden, Lake, and Broz. Norton & Company (6<sup>th</sup> edition), chapter 28.