

POLI358: The Political Economy of International Organizations

McGill University, Fall 2023

Monday and Wednesday, 2:35-3:55pm

Location: ENGTR 1090

Instructor: Professor Leonardo Baccini
Office: Leacock 513
Email: leonardo.baccini@mcgill.ca
Office hours: Mon & Wed, 1-2pm

Teaching Assistant: Charlotte Mines
Office: TBD
Email: charlotte.mines@mail.mcgill.ca
Office hours: TBD

Course Description

The course focuses on the main issues in international cooperation and on the role of economic international institutions, such as the World Trade Organization (WTO), in world politics. The course requires that students have previously taken an introductory International Relations course as a prerequisite. The reading list features some technical articles; for these it is sufficient to have a basic understanding of formal and econometric models. Further, a simplified version of such models will be presented in class slides and a good grasp of these should be enough to do well in this course.

The course is divided into three parts. The first addresses the main debates related to international cooperation, e.g. the design of international institutions, the impact of domestic politics on international cooperation, and the effectiveness of cooperation. The second part covers the international trade institutions. Namely, we will discuss the role of the WTO and trade agreements as well as the relationship between multilateral and preferential liberalization. The third part covers the Bretton Woods institutions (i.e. World Bank and International Monetary Fund), the European Union, environmental organizations, and the recent debate on the backlash against globalization.

Objectives

By the end of the course, students will:

- Be familiar with the main debates about international cooperation;
- Have a thorough knowledge of the most important economic international institutions;
- Be able to understand and critically evaluate widely-used political economy models.

Course Requirements

This course is delivered in-person. I will be lecturing in the assigned building/room during the scheduled time for the course. All classes are recorded and slides will be made available before class.

Part of the mark for the course is based on participation in conferences led by the T.A. Participation is mandatory and is crucial to improving analytical thinking. Participation accounts for 10 percent of the final grade. Conferences will be in-person.

Students are required to write a short paper, which should be a response to a question assigned in class. The question will be based on a current event and will be posted on Mycourses by the end of September. In order to answer the question students are asked to use concepts and theories covered in the first and second part of the course. The short paper should not be longer than six pages, excluding the bibliography (double-spaced, in 12 point Times New Roman font with regular margins). The short paper is due on October 31st and should be submitted on Mycourses (no physical copy accepted). The short paper accounts for 30 percent of the final grade.

The midterm exam requires answering to three open questions, which can be chosen among six questions. The midterm exam focuses on the first part of the course and will take place in class on October 4, 2023. The mid-term exam accounts for 30 percent of the final grade.

The final assignment focuses on the second and third part of the course. I circulate three questions on November 24, 2023, and the answers should be uploaded on Mycourses by December 5, 2023. Each answer should not be longer than three pages, excluding the bibliography (double-spaced, in 12 point Times New Roman font with regular margins). The final assignment accounts for 30 percent of the final grade.

Grade Distribution

- Conference participation: 10%
- Midterm exam (in class): 30%
- Short paper: 30%
- Final exam (in class): 30%

Assignment	Weight	Due Date
Participation	10%	Throughout the term
Midterm exam	30%	October 4, 2023
Short paper	30%	October 31, 2023
Final exam	30%	December 5, 2022

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.

Required text

There is no textbook. The course is mostly based on articles published in top IR journals. All readings are either available through JSTOR, or will be posted on the course website. Students are strongly recommended to read pieces marked as [BACKGROUND READING] *before* class. Some topics might be subject to (mostly minor) revisions during the term.

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.

Policy on Academic Honesty

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> 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.

McGill University is on the traditional territory of the Anishinaabeg and Haudenosaunee Nations and a place which has long served as a site of meeting and exchange amongst various Indigenous nations.

Class Schedule

August 30: Course description and logistics

1. MAIN DEBATES ON INTERNATIONAL COOPERATION

Week 1. Introduction

September 4: *Why Cooperate?*

Abbott, Kenneth W. and Duncan Snidal. 1998. "Why States Act Through Formal International Organizations." *Journal of Conflict Resolution* 42 (1): 3-32.

Axelrod, Robert. 1984. *The Evolution of Cooperation*. Basic Books, chapter 1.

Gilligan, J. Michael. 2009. "The Transaction Costs Approach to International Institutions." In *Power, Interdependence, and Nonstate Actors in World Politics* edited by Helen V. Milner and Andrew Moravcsik. Princeton University Press.

September 6: *The Problem of Cooperation Under Anarchy*

Eichengreen, Barry. *Hegemonic stability theories of the international monetary system*. No. w2193. National Bureau of Economic Research, 1987.

Keohane, Robert O. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton, NJ: Princeton University Press, chapter 3.

Snidal, Duncan. 1985. "The limits of hegemonic stability theory." *International organization* 39(4): 579-614.

Week 2. The Two Stages of International Cooperation: Bargaining and Enforcement

September 11: *Why do states join international agreements?*

Fearon, James D. 1998. "Bargaining, Enforcement, and International Cooperation." *International Organization* 52 (2): 269-305.

Davis, C. L. 2004. "International Institutions and Issue Linkage: Building Support for Agricultural Trade Liberalization." *American Political Science Review* 98(1): 153-169.

Vreeland, James Raymond. 2008. "Political Institutions and Human Rights: Why Dictatorships Enter Into the United Nations Convention Against Torture." *International Organization* 62 (1): 65- 101.

September 13: Why do states comply with international agreements?

Downs, George W., David M. Roache, and Peter N. Barsoom. 1996. "Is the Good News About Compliance Good News About Cooperation?" *International Organization* 50 (3): 379-406.

Simmons, Beth A. 2009. *Mobilizing for Human Rights: International Law in Domestic Politics*. Cambridge University Press, chapter 4.

Tomz, Michael. 2007. "Domestic audience costs in international relations: An experimental approach." *International Organization* 61(4): 821-840.

Week 3. Domestic Politics and International Cooperation

September 18: Interest Groups

Putnam, Robert. 1988. "Diplomacy and Domestic Politics: The Logic of Two Level Games." *International Organization* 42 (3): 427-460.

Baldwin, R. E. 1993. "A Domino Theory of Regionalism." *NBER Working Paper* No. 4465.

Bailey, M. A., Goldstein, J. and Weingast, B. R. 1997. "The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade." *World Politics* 49(3): 309-338.

Hiscox MJ. 1999. "The Magic Bullet? The RTAA, Institutional Reform, and Trade Liberalization." *International Organization* 53(4):669-698.

September 20: Domestic Institutions

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.

McGillivray, Fiona and Alastair Smith. 2004. "The Impact of Leadership Turnover on Trading Relations Between States." *International Organization*, vol. 58 (3): 567-600.

Milner, Helen V., and Keiko Kubota. 2005. "Why the move to free trade? Democracy and trade policy in the developing countries." *International organization* 5(1): 107-143.

Week 4. The Design of International Institutions

September 25: Explaining the design of international agreement

Gilligan, Michael J. 2004. "Is there a broader-deeper trade-off in international multilateral agreements?" *International Organization* 58(3): 459-484.

Koremenos, Barbara, Charles Lipson, and Duncan Snidal. 2001. "The Rational Design of International Institutions." *International Organization* 55 (4): 761-799.

Koremenos, Barbara. 2005. "Contracting around international uncertainty." *American Political Science Review* 99(4): 549-565.

September 27: Does the design matter?

Busch, Marc L. 2007. "Overlapping institutions, forum shopping, and dispute settlement in international trade." *International Organization* 61(4): 735-761.

Kucik, Jeffrey and Eric Reinhardt. 2008. "Does Flexibility Promote Cooperation? An Application to the Global Trade Regime." *International Organization* 62 (3): 477-505.

Rosendorff, B. Peter and Helen V. Milner. 2001. "The Optimal Design of International Trade Institutions: Uncertainty and Escape." *International Organization* 55 (4): 829-857.

Week 5. Formal vs. Informal Rules in International Institutions

October 2: What is informal governance in IOs?

Abbott, Kenneth W., Robert O. Keohane, Andrew Moravcsik, Anne-Marie Slaughter, and Duncan Snidal. 2000. "The Concept of Legalization." *International Organization* 54(3): 401-19.

Schneider, C.J. 2013. "Globalizing electoral politics: political competence and distributional bargaining in the European Union." *World Politics* 65(3): 452-90.

Stone, Randall W. 2013. "Informal Governance in International Organizations: Introduction to the Special Issue." *The Review of International Organizations* 8(2): 121-36.

October 4: Midterm Exam

October 9 & 11: Reading Week – NO CLASS

2. GLOBAL TRADE GOVERNANCE

Week 6. The World Trade Organization

October 16: Background and Bargaining Process

Irwin, D. A. 1995. "The GATT in Historical Perspective." *American Economic Review* 85(2): 323-328.

Steinberg, R. H. 2002. "In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the GATT/WTO." *International Organization* 56(2): 339-374.

Pelc, K. 2011. "Why do Some Countries Get Better WTO Accession Terms than Others?" *International Organization* 65(4): 639-672.

October 18: DSM and Effectiveness

Busch, M. L. and Reinhardt, E. 2003. "Developing Countries and General Agreement on Tariffs and Trade/World Trade Organization Dispute Settlement." *Journal of World Trade* 37(4): 719-736.

Davis, C. L. and Bermeo, S. B. 2009. "Who files? Developing Country Participation in GATT/WTO Adjudication." *The Journal of Politics* 71(3): 1033-1049.

Goldstein, J. L., Rivers, D. and Tomz, M. 2007. "Institutions in International Relations: Understanding the Effects of the GATT and the WTO on World Trade." *International Organization* 61(1): 37-67.

Week 7. The Political Economy of Preferential Trade Agreements

October 23: Why the New Regionalism?

Chase, K. A. 2003. "Economic Interests and Regional Trading Arrangements: The Case of NAFTA." *International Organization* 57(1): 137-174

Manger, M. 2009. "Framework for Analysis." In: *Investing in Protection: The Politics of Preferential Trading Agreements between North and South*. Cambridge University Press. Chapter 2 pp. 27-63.

Mattli, W. 1999. "Explaining Regional Integration" In *The Logic of Regional Integration: Europe and Beyond*. Cambridge: Cambridge University Press. Chapter 3 pp. 41-67.

October 25: Building Block or Stumbling Block?

Baldwin, R. E. 2006. "Multilateralising Regionalism: Spaghetti Bowls as Building Blocs on the Path of Global Free Trade." *The World Economy* 29(11): 1451-1518.

Freund, C. and Ornelas, E. 2010. "Regional Trade Agreements." *Policy Research Working Paper* 5314.

Kono, D. 2002. "Are Free Trade Areas Good for Multilateralism? Evidence from the European Free Trade Association." *International Studies Quarterly* 46(4): 507-527.

October 31: Deadline to submit the short paper

Week 8. Foreign Direct Investment and Bilateral Investment Treaties

October 30: Foreign Direct Investment

Jensen et al. 2012. *Politics and Foreign Direct Investment*. Michigan University Press, chapter 1.

Jensen, N. 2003. "Democratic Governance and Multinational Corporations: The Political Economy of Foreign Direct Investment." *International Organization* 57(3): 587-616.

Li, Q. and Resnick, A. 2003. "Reversal of Fortunes: Democracy, Property Rights and Foreign Direct Investment Inflows in Developing Countries." *International Organization* 57(1): 175-214.

November 1: Bilateral Investment Treaties

Allee, Todd, and Clint Peinhardt. 2011. "Contingent Credibility: The Impact of Investment Treaty Violations on Foreign Direct Investment." *International Organization* 65 (3):401-32.

Elkins, Zachary, Andrew T. Guzman, and Beth A. Simmons. 2006. "Competing for capital: The diffusion of bilateral investment treaties, 1960–2000." *International organization* 60(4): 811-846.

Poulsen, Lauge. 2014. "Bounded Rationality and the Diffusion of Modern Investment Treaties." *International Studies Quarterly*, 2014, 58(1): 1-14.

3. BRETTON WOOD ORGANIZATIONS AND BEYOND

Week 9. The International Monetary Fund

November 6: IMF and Development

Copelovitch, Mark S. 2010. "Master or servant? Common agency and the political economy of IMF lending." *International Studies Quarterly* 54(1): 49-77.

Steinwand, Martin C., and Randall W. Stone. 2008. "The International Monetary Fund: A review of the recent evidence." *The Review of International Organizations* 3(2): 123-149.

Stone, Randall W. 2004. "The political economy of IMF lending in Africa." *American Political Science Review* 98(4): 577-591.

November 8: Explaining IMF Conditionality

Caraway, Teri L., Stephanie J. Rickard, and Mark S. Anner. 2012. "International negotiations and domestic politics: the case of IMF labor market conditionality." *International Organization* 66(1): 27-61.

Pop-Eleches, Grigore. 2009. "Public goods or political pandering: Evidence from IMF programs in Latin America and Eastern Europe." *International Studies Quarterly* 53(3): 787-816.

Stone, Randall. 2008. "The Scope of IMF Conditionality." *International Organization* 62: 589-620.

Week 10. The World Bank and Aid Allocation

November 13: *The Political Economy of Aid*

Alesina, Alberto, and David Dollar. 2000. "Who gives foreign aid to whom and why?" *Journal of economic growth* 5(1): 33-63.

De Mesquita, Bruce Bueno, and Alastair Smith. 2007. "Foreign aid and policy concessions." *Journal of Conflict Resolution* 51(2): 251-284.

Easterly, William. 2003. "Can foreign aid buy growth?" *The journal of economic perspectives* 17(3): 23-48.

November 15: *The WB, Aid, and Development*

Abouharb, M. Rodwan, and David Cingranelli. 2006. "The Human Rights Effects of World Bank Structural Adjustment Lending, 1981–2000." *International Studies Quarterly* 50(2):233–62.

Dietrich, Simone. 2016. "Donor political economies and the pursuit of aid effectiveness." *International Organization* 70(1): 65-102.

Dreher, Axel, Jan-Egbert Sturm, and James Raymond Vreeland. 2009. "Development Aid and International Politics: Does membership on the UN Security Council influence World Bank decisions?" *Journal of Development Economics* 88 (1):1-18.

Week 11. The European Union

November 20: *Explaining Cooperation in the EU*

Kleine, Mareike. 2013. "Knowing your limits: Informal governance and judgment in the EU." *The Review of International Organizations* 8(2): 245-264.

Moravcsik, Andrew. 1991. "Negotiating the Single European Act: national interests and conventional statecraft in the European Community." *International organization* 45(1): 19-56.

Moravcsik, Andrew. 1993. "Preferences and power in the European Community: a liberal intergovernmentalist approach." *JCMS: Journal of Common Market Studies* 31(4): 473-524.

November 22: *Enlargement and Globalism*

Gray, Julia. 2009. "International organization as a seal of approval: European union accession and investor risk." *American Journal of Political Science* 53(4): 931-949.

Plümper, Thomas, Christina J. Schneider, and Vera E. Troeger. 2006. "The politics of EU eastern enlargement: Evidence from a Heckman selection model." *British Journal of Political Science* 36(1): 17-38.

Schimmelfennig, Frank. 2001. "The Community Trap: Liberal Norms, Rhetorical Action, and the Eastern Enlargement of the European Union." *International Organization*, 55: 47-80.

Week 12. Environmental and Energy Treaties

November 27: Environmental Cooperation

Baccini, Leonardo and Johannes Urpelainen. 2014. "Before Ratification: Understanding the Timing of International Treaty Effects on Domestic Policies." *International Studies Quarterly*, 58(1): 29-43.

Bechtel, M. M. and Tosun, J. 2009 "Changing Economic Openness for Environmental Policy Convergence: When Can Trade Agreements Induce Convergence of Environmental Regulation?" *International Studies Quarterly*, 53, 931-953.

Prakash, Aseem, and Matthew Potoski. 2006 "Racing to the bottom? Trade, environmental governance, and ISO 14001." *American Journal of Political Science* 50(2): 350-364.

November 29 & 30 NO CLASS

December 4: Wrap-up

December 5: Deadline to submit the final assignment