

Topics in International Politics: Politics, Firms, and Markets

Tuesdays & Thursdays 1:00 PM—2:30 PM, Seigle Hall 303

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Course abstract: This course is an introductory class to international political economy (IPE), with a special focus on the role of firms. The course revolves around three themes: trade, foreign direct investment, and how domestic politics matter in a globalized world economy. Why are some industries protected through high tariffs, while others are not? What makes a firm invest in a foreign country despite the economic and political risks? Are democracies better trade partners than autocracies? Do stringent regulatory policies trigger races-to-the-bottom to attract foreign investment? These and other questions will be answered during the course. Building on an extensive IPE literature, this class will be structured as a hybrid between lecture and seminar style. Students will be engaged through student presentations and newflash elements that link the course material with current, real world events. While some basic understanding of (international) economics is beneficial, I do not expect students to have had any prior exposure to IPE and economics.

Office hours: If you have questions concerning a particular reading, desire feedback on your writing, or want to further discuss any of the class topics, I strongly encourage you to meet me in person. Please do send me an email to make an appointment. Typically Tuesdays and Thursdays will work best.

Email contact: I am more than happy to answer questions by email, but be reasonable and do not expect an immediate, last minute response. If you have important matters to discuss, plan ahead and leave sufficient time for me to respond.

Grading: Your grade will be determined by the quality of your writing (55% of grade), and class participation/ presentations (45% of grade). The grading requirements consist out of five components and are as follows:

- *Analytical summary & presentation (20% of grade):* Each student will write and present one analytical summary, which summarizes and critically discusses two assigned readings from the syllabus on a given topic from one class. This summary should (i) identify the paper's research question, (ii) provide a brief overview of the paper's context/contribution to the state of the art, and (iii) explain the main logic of the key argument. In addition, the analytical summary should also (iv) introduce, summarize, and discuss the second paper that is assigned on the reading list for the same class date. Here, it is critical to assess (v) how the two papers relate to each other, that is, do they supplement or build on each other, or do they provide a different argument?

Analytical summaries should be no longer than 1,000 words, as I prefer concise write-ups without any clutter. So, think carefully about what to include and what not to include in

your summary! When writing your essay, think of your audience being a scholar who is familiar with the key concepts, the literature, and the academic discussion, but has not read the paper under study. This implies that the descriptive parts of the write-up should be short, while the analytical elements should be sufficiently elaborated on. I understand that the assigned readings can be challenging at times, but note that I am never interested in the technical details, but rather in the “argumentative narrative.” Summaries are to be turned in at 9PM as PDF email attachments the day before class.

Students who write an analytical summary for a given date, shall also present their findings in class. The presentation should be between 15-20 minutes and again focus more on the analytical, argumentative parts rather than mere description. Feel free to assume that students in class have carefully read the first reading, while having less in-depth knowledge of the second one.

- *Discussion notes (20% of grade):* Each student is to prepare two discussion notes, each worth 10% of the final grade. Each note focuses on one reading and should be no longer than 400 words. The goal of these discussion notes is to provide critical remarks on the chosen reading. You do not have to summarize or describe any reading in detail unless it is important for your argument/criticism. Your finding should be briefly presented in a 5-minute presentation and serve as a discussion starter. Discussion notes are also due *the day before class at 9PM; please do send them as PDF attachments via email.*
- *Newsflash (10% of grade):* In every class throughout the term, starting in week 3, we will devote about 30 minutes to review a current topic of international political economy (IPE), as discussed in the news. For this, every student is asked to pick a (fairly recent) news report of her/his liking; no topic is off limits as long as the newspaper article centers on some IPE aspect. These reports are to be printed, shared, and read in class. I expect students to familiarize themselves with the specificities of the covered topic, the ongoing political debate, and any other relevant background information, so that they can serve as “experts” on the issue. Please make sure to email me your news article *at least two days prior to class* in which you present it. Today, many newspapers like the *The New York Times*, *The Washington Post*, *The Guardian*, or *BBC News* provide topical news coverage and may serve as excellent starting points. From past experience, a good newsflash starts out with some background information on the problem, summarizes and supplements the news article, and raises questions for a follow-up discussion. Presentations should take about 15 minutes.
- *Take-home exam (30% of grade):* On November 10 in week 12, I will post a take-home exam online to the course website and expect you to submit written answers *before class on December 1* during the last week of class; if you cannot attend class, exams are to be emailed to me as *PDF attachments by 1PM when class starts*. As there is plenty of time to complete the exam, I cannot accept any late submissions.

Exam questions will require essay-style responses and heavily focus on the course readings. Reading the assigned texts on a weekly basis and attending class is strongly advised to master the exam. Collaboration among students on the exam responses is not acceptable, and each student must submit her/his own set of written answers.

- *Class participation (20% of grade):* The seminar greatly benefits from interaction and I

appreciate critical discussion. Active class participation is therefore encouraged and rewarded. Note that I take the liberty to use the full grading scale to assess class participation.

Notes on writing: On all assignments, I will grade until either I have found five writing errors (including spelling and grammar) or I have completed the paper. Please proofread your work and make sure to only send me PDF files.

Cheating and plagiarism will not be tolerated. For further information on definitions of cheating and plagiarism, be advised to check the [university document](#). Please make sure to clearly mark and list all the original sources in your work.

Readings: Unless stated otherwise, of all readings listed below, both readings for each class are compulsory for everyone and are to be read *prior* to each session. The in-class presentation will always focus on the first reading, while the second one is used for discussion and is always commented on by one of the two discussants. To reflect this, I expect you to read the first paper very carefully and in great depth, while it is sufficient to skim the second reading. Note however that skimming means that you are nonetheless able to reproduce what the main argument and the key finding of a paper is.

All readings will be made available from the University's [Blackboard website](#), where I will also make available all other course materials.

Note of caution: I am aware that many of the assigned readings are difficult for you to understand, may it be due to you being new to the literature, advanced formal presentation, or graduate level statistics. This is *not* a problem! What I want you to achieve is to work through the papers and distill the main arguments and to understand how these arguments are supported by data. Whenever you have questions or feel lost, do get in touch with me. Note that even though the reading load for this class may seem low, be aware that carefully working through a paper takes up a *considerable amount of time*, so do plan accordingly to get the most out of the class. On the upside, I expect you to learn both how to work through the assigned readings *extremely carefully* (first paper) and how to improve your skimming skills (second paper) at the same time.

Class format: Except for the first two weeks, the class follows a standard structure: Every session will comprise a 30-minute newsflash presentation as well as presentations of the analytical summary (15-20 minutes) and discussion notes (about 10 minutes). We will use the remaining time for further discussions and for me to introduce each week's topic and to provide additional explanations as well as supplementary context.

Attendance: This class is part of a University-wide pilot study on student progress monitoring. In an effort to support this study, I will take attendance for every class starting week 2 and will enter your record into Blackboard gradebook. This data will be available to your (and only your) respective advisors in the College of Arts & Sciences.

Week 1: *Welcome & introduction*

Week 2: *Fundamentals*

September 1st:

- Lake, D. A. (2008). International Political Economy: A Maturing Interdiscipline. In Wittman, D. A. and Weingast, B. R., editors, *The Oxford Handbook of Political Economy*, pages 757–777. Oxford University Press, Oxford.
- Milner, H. V. (1999). The Political Economy of International Trade. *Annual Review of Political Science*, 2(1):91.

September 3rd: *Last day to drop FL2015 classes*

- Jones, R. W. and Peter Neary, J. (1984). The Positive Theory of International Trade. In Jones, R. W. and Kenen, P. B., editors, *Handbook of International Economics*, pages 1–62. Elsevier, Amsterdam.
- Markusen, J. R. (1995). The Boundaries of Multinational Enterprises and the Theory of International Trade. *The Journal of Economic Perspectives*, 9(2):169–189.

Week 3: *Trade, tariffs, and protection*

September 8th:

- Goldstein, J. and Martin, L. L. (2000). Legalization, Trade Liberalization, and Domestic Politics: A Cautionary Note. *International Organization*, 54(3):603–632.
- Grossman, G. M. and Helpman, E. (1994). Protection for Sale. *The American Economic Review*, 84(4):833–850.

September 10th:

- Milner, H. V. and Yoffie, D. B. (1989). Between Free Trade and Protectionism: Strategic Trade Policy and a Theory of Corporate Trade Demands. *International Organization*, 43(2):239–272.
- Bombardini, M. (2008). Firm Heterogeneity and Lobby Participation. *Journal of International Economics*, 75(2):329–348.

Week 4: Trade and regime type

September 15th:

- Mansfield, E. D., Milner, H. V., and Rosendorff, B. P. (2000). Free to Trade: Democracies, Autocracies, and International Trade. *The American Political Science Review*, 94(2):305–321.
- Ehrlich, S. D. (2007). Access to Protection: Domestic Institutions and Trade Policy in Democracies. *International Organization*, 61(3):571–605.

September 17th:

- Kono, D. Y. (2006). Optimal Obfuscation: Democracy and Trade Policy Transparency. *American Political Science Review*, 100(3):369–384.
- Rickard, S. J. and Kono, D. Y. (2013). Think Globally, Buy Locally: International Agreements and Government Procurement. *The Review of International Organizations*, 9(3):333–352.

Week 5: Trade and international treaties

September 22nd:

- Mansfield, E. D., Milner, H. V., and Rosendorff, B. P. (2002). Why Democracies Cooperate More: Electoral Control and International Trade Agreements. *International Organization*, 56(3):477–513.
- Kono, D. Y. (2007). Making Anarchy Work: International Legal Institutions and Trade Cooperation. *The Journal of Politics*, 69(3):746–759.

September 24th:

- Rosendorff, B. P. and Milner, H. V. (2001). The Optimal Design of International Trade Institutions: Uncertainty and Escape. *International Organization*, 55(4):829–857.
- Hollyer, J. R. and Rosendorff, B. P. (2012). Leadership Survival, Regime Type, Policy Uncertainty and PTA Accession¹. *International Studies Quarterly*, 56(4):748–764.

Week 6: Trade and individual preferences

September 29th:

- Scheve, K. F. and Slaughter, M. J. (2001). What Determines Individual Trade-Policy Preferences? *Journal of International Economics*, 54(2):267–292.
- Hainmueller, J. and Hiscox, M. J. (2006). Learning to Love Globalization: Education and Individual Attitudes Toward International Trade. *International Organization*, 60(2):469–498.

October 1st:

- Mansfield, E. D. and Mutz, D. C. (2009). Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety. *International Organization*, 63(3):425–457.

- Bearce, D. H. and Tuxhorn, K.-L. (2015). When Are Monetary Policy Preferences Egocentric? Evidence from American Surveys and an Experiment. Forthcoming in *American Journal of Political Science*.

Week 7: *Trade and international institutions*

October 6th:

- 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.
- 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):719–735.

October 8th:

- Rose, A. K. (2004). Do We Really Know That the WTO Increases Trade? *American Economic Review*, 94(1):98–114.
- Tomz, M. (2007). Domestic Audience Costs in International Relations: An Experimental Approach. *International Organization*, 61(4):821–840.

Week 8: *Trade and race-to-the-bottom*

October 13th:

- Cao, X. and Prakash, A. (2010). Trade Competition and Domestic Pollution: A Panel Study, 1980-2003. *International Organization*, 64(3):481–503.
- Bechtel, M. M. and Tosun, J. (2009). Changing Economic Openness for Environmental Policy Convergence: When Can Bilateral Trade Agreements Induce Convergence of Environmental Regulation? *International Studies Quarterly*, 53(4):931–953.

October 15th:

- Cao, X. and Prakash, A. (2012). Trade Competition and Environmental Regulations: Domestic Political Constraints and Issue Visibility. *The Journal of Politics*, 74(1):66–82.
- Prakash, A. and Potoski, M. (2006). Racing to the Bottom? Trade, Environmental Governance, and ISO 14001. *American Journal of Political Science*, 50(2):350–364.

Week 9: *FDI and host-country bargaining*

October 20th:

- Eden, L. and Molot, M. A. (2002). Insiders, Outsiders and Host Country Bargains. *Journal of International Management*, 8(4):359–388.
- Fagre, N. and Wells, L. T. J. (1982). Bargaining Power of Multinationals and Host Governments. *Journal of International Business Studies*, 13(2):9–23.

October 22nd:

- Kobrin, S. J. (1987). Testing the Bargaining Hypothesis in the Manufacturing Sector in Developing Countries. *International Organization*, 41(4):609–638.
- Ramamurti, R. (2001). The Obsolescing ‘Bargaining Model’? MNC-Host Developing Country Relations Revisited. *Journal of International Business Studies*, 32(1):23–39.

Week 10: *No class*

Week 11: *FDI and democracy*

November 3rd:

- Jensen, N. M. (2003). Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment. *International Organization*, 57(3):587–616.
- Jensen, N. M. (2013). Domestic Institutions and the Taxing of Multinational Corporations. *International Studies Quarterly*, 57(3):440–448.

November 5th:

- Li, Q. and Resnick, A. (2003). Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries. *International Organization*, 57(1):175–211.
- Malesky, E. J. (2008). Straight Ahead on Red: How Foreign Direct Investment Empowers Subnational Leaders. *The Journal of Politics*, 70(1):97–119.

Week 12: *FDI and expropriation risk*

November 10th:

- Henisz, W. J. (2000). The Institutional Environment for Multinational Investment. *Journal of Law, Economics, and Organization*, 16(2):334–364.
- Johns, L. and Wellhausen, R. L. (2014). Modern Day Merchant Guilds: Supply Chain and Informal Property Rights Enforcement. IPES Conference Paper.

November 12th: *Take-home exam to be posted online.*

- Li, Q. (2009). Democracy, Autocracy, and Expropriation of Foreign Direct Investment. *Comparative Political Studies*, 42(8):1098–1127.
- Jensen, N. M., Johnston, N. P., Lee, C., and Sahin, A. (2012). Economic Shock, Political Shifts, and Sovereign Theft: The Domestic and International Determinants of Investment Expropriation. IPES Conference Paper.

Week 13: *FDI, trade, and government credibility*

November 17th:

- Tomz, M. (2007). Domestic Audience Costs in International Relations: An Experimental Approach. *International Organization*, 61(4):821–840.
- Chaudoin, S. (2014). Audience Features and the Strategic Timing of Trade Disputes. *International Organization*, 68(4):877–911.

November 19th:

- Büthe, T. and Milner, H. V. (2008). The Politics of Foreign Direct Investment into Developing Countries: Increasing FDI through International Trade Agreements? *American Journal of Political Science*, 52(4):741–762.
- Jensen, N. (2008). Political Risk, Democratic Institutions, and Foreign Direct Investment. *The Journal of Politics*, 70(4):1040–1052.

Week 14: *No class—Thanksgiving break*

Week 15: *FDI, political interest, and corruption*

December 1st:

- Goodman, J. B., Spar, D., and Yoffie, D. B. (1996). Foreign Direct Investment and the Demand for Protection in the United States. *International Organization*, 50(4):565–591.
- Hansen, W. L. and Mitchell, N. J. (2000). Disaggregating and Explaining Corporate Political Activity: Domestic and Foreign Corporations in National Politics. *The American Political Science Review*, 94(4):891–903.

December 3rd:

- Malesky, E. J., Gueorguiev, D. D., and Jensen, N. M. (2015). Monopoly Money: Foreign Investment and Bribery in Vietnam, a Survey Experiment. *American Journal of Political Science*, 59(2):419–439.
- Jensen, N. M., Malesky, E., Medina, M., and Ozdemir, U. (2014). Pass the Bucks: Credit, Blame, and the Global Competition for Investment. *International Studies Quarterly*, 58(3):433–447.