

## **G8804: THEORIES OF INTERNATIONAL POLITICAL ECONOMY**

Prof. Helen Milner  
1329 IAB; x45138; HVM1@columbia.edu  
office hours: Mon. 4-5 & by appmt.  
website: www.columbia.edu/~hvm1

Spring 2004  
Tues. 4:10-6 pm

This course is an advanced graduate colloquium on international political economy. It focuses on the key issues in international political economy, such as trade, monetary and fiscal policy, foreign investment, globalization, development, foreign aid, and international cooperation.

This course will be run as a discussion group in which everyone is expected to participate. In addition to the weekly readings, each student must write a short paper (about 5 pages) every other week, comparing and criticizing the readings (a total of 5 of these papers). Students are also required to complete a take-home exam at the end of the term. For seminar credit, students can write a research paper (about 30-40 pages) on some original research question in lieu of the final. The final (or paper) will count for 50% of your grade; the rest of the grade will be based upon class participation and the short papers.

Each week we generally will focus on one or two particular works as an exemplar of research in that area. The goal will be to ask the same set of questions of each week's readings: 1.) what is (are) the dependent variable(s); 2.) what is (are) the independent variable(s); 3.) what is the logic connecting the two; 4.) what evidence can be brought in support of this hypothetical relationship; 5.) what are the main flaws in the argument; 6.) what can be done to fix them; and 6.) what is the future research agenda in the field.

A number of books have been ordered at the Labyrinth Bookstore. All of the rest of the readings are on reserve at Lehman Library.

## **READINGS:**

### **Week 1 (Jan. 20): Introduction: Research Methods and Issues.**

King, Gary, Robert O. Keohane, and Sidney Verba. 1994. *Designing Social Inquiry: Scientific Inference in Qualitative Research*. Princeton: Princeton University Press.

"Symposium on Qualitative-Quantitative Disputation" (Reviews of KKV). *American Political Science Review*. June 1995. 89: 454-81.

McKeown, Timothy. "Case Studies and the Statistical Worldview." *International Organization*. Winter 1999. 53: 161-90.

Recommended:

Ragin, The Comparative Method.

Stern and Kalof. Evaluating Social Science Research.

Przeworski and Teune. The Logic of Comparative Inquiry.

### **Week 2 (Jan. 27): The Political Economy of International Trade**

Hiscox, Michael J. 2002. *International Trade and Political Conflict: Commerce, Coalitions and Mobility*. Princeton NJ: Princeton University Press. All.

Alt, James, Jeffrey Frieden, Gilligan, Rodrik, Rogowski. "The Political Economy of International Trade." *Comparative Political Studies*. Dec. 1996. V. 29: 689-717.

Rogowski, Ronald. 1987. Political Cleavages and Changing Exposure to Trade. *American Political Science Review* 81 (4):1121-37.

Scheve, Kenneth, and Matthew Slaughter. 2001. What determines individual trade-policy preferences? *Journal of International Economics* 54 (2):267-92.

Recommended:

Rogowski, Commerce and Coalitions.

Milner. "The Political Economy of International Trade." Annual Review of Political Science. V. 2, 1998.

Mansfield and Busch. "The Political Economy of Nontariff Barriers: A Cross-National Analysis." International Organization 1995. v. 49:723-49.

Gawande and Hansen. "Retaliation, Bargaining and the Pursuit of "Free and Fair" Trade." International Organization. Win 1999. v.53: 117-60.

Midford. "International Trade and Domestic Politics." International Organization. Aut. 1993. 47: 535-64.

Grossman and Helpman. "Protection for Sale." American Economic Review. 1994. V. 84: 833-50.

Lohmann & O'Halloran. "Divided Government and US Trade Policy." International Organization. Autumn 1994. Vol. 48: 595-632.

- Rodrik. "Political Economy of Trade Policy." In G. Grossman and K. Rogoff, eds. Handbook of International Economics. V. 3. Netherlands: Elsevier Science Press. 1995: 1457-94.
- Cohen. "The Political Economy of International Trade." International Organization. Spring 1990. Vol. 44: 261-81.
- Gilligan, Empowering Exporters.
- Milner and Yoffie, "Between Free Trade and Protectionism", International Organization, Vol. 43, #2, Spring 1989, pp. 239-72.
- Grossman and Helpman. "Trade Wars and Trade Talks." Journal of Political Economy. 1995. V. 105: 675-98.
- Alt, Carlsen, Heum and Johansen. "Asset Specificity and the Behavior of Firms." International Organization. Win 1999. V. 53, 1: 99-116.
- O'Halloran, Politics, Process and American Trade Policy.
- Goldstein, Ideas, Interests and American Trade Policy.
- Epstein and O' Halloran, "The Partisan Paradox and the US Tariff, 1877-1934." International Organization Spring 1996. 50: 301-24.
- Milner, Resisting Protectionism.
- Kurth, "The Political Consequences of the Product Cycle", International Organization, 33, Winter 1979.

### **Week 3 (Feb. 3): The Political Economy of the World Trading System**

- Bagwell, Kyle, and Robert W. Staiger. 2002. *The Economics of the World Trading System*. Cambridge MA: MIT Press. chs. 1-6.
- Rosendorff, B. Peter, and Helen V. Milner. 2001. The Optimal Design of International Trade Institutions: Uncertainty and Escape. *International Organization* 55 (4):829-58.
- Busch, Marc. 2000. Democracy, Consultation, and the Paneling of Disputes under GATT. *Journal of Conflict Resolution* 44 (4):425-46.
- Maggi, Giovanni. 1999. The Role of Multilateral Institutions in International Trade. *American Economic Review* 89 (1):190-214.
- Rose, Andrew. 2002. Do WTO Members Have a More Liberal Trade Policy? *National Bureau of Economic Research Working Paper* 9347.
- Subramanian, Arvind, and Shang-Jin Wei. 2003. The WTO Promotes Trade, Strongly but Unevenly. *National Bureau of Economic Research Working Paper* (10024).

#### Recommended:

- Krasner, "State Power and the Structure of the International Trading System", World Politics, 28, Apr. 1976, 317-43.
- Gowa, Allies, Adversaries and International Trade.
- Lake, "Leadership, Hegemony and the International Economy." International Studies Quarterly. v. 37, 1993, 459-89.
- Lake, Power, Protection and Free Trade.
- D. Snidal, "The Limits of Hegemonic Stability Theory", International Organization, 39, Aut. 1985.

- Conybeare, "Public Goods, Prisoners' Dilemmas and the International Political Economy", International Studies Quarterly, 28, Mar. 1984.
- Strange, "The Persistent Myth of Lost Hegemony", International Organization, 41, Autumn 1987.
- Russett, "The Mysterious Case of Vanishing Hegemony", International Organization, 1985, 207-32.
- McKeown, "Hegemonic Stability Theory and 19th Century Tariff Levels", International Organization, 1983, 73-91.
- Grundberg, "Exploring the Myth of Hegemonic Stability", International Organization, 44, Autumn 1990.
- B. and R. Yarbrough, Cooperation and Governance in International Trade, chs. 1-3.
- B. Eichengreen, "History of the International Monetary System", in B. Eichengreen, ed., Elusive Stability, ch. 7, pp. 271-310.
- A. Stein, "The Hegemon's Dilemma" International Organization v. 38, Spring 1984.

**Week 4 (Feb. 10): The Political Economy of Money and Finance.**

- Bernhard, William, and David Leblang. 1999. Democratic Institutions and Exchange Rate Commitments. *International Organization* 53 (1):71-98.
- Bernhardt, William, Lawrence Broz and David Leblang. Eds. *International Organization*. Autumn 2002. Special Issue on "The Political Economy of Monetary Institutions." pp.693-860. (The first six articles.)
- Simmons, Beth. 2000. International Law and State Behavior: Commitment and Compliance in International Monetary Affairs. *American Political Science Review* 94 (4):819-36.

Recommended:

- Simmons. Who Adjusts?
- Andrews and Willett. "Financial Interdependence and the State." International Organization. Summer 1997. V. 51: 479-511.
- Cohen. "Phoenix Risen." World Politics. Jan 1996. v. 48: 268-96.
- Henning. Currencies, Politics in the US, Germany and Japan.
- Oatley. Monetary Politics.
- Leblang. "Domestic Political Institutions and Exchange Rate Commitments in the Developing World." International Studies Quarterly. Dec 1999. v. 43: 599-620.
- Gowa. "Public Goods and Political Institutions." International Organization. Win 1988. v. 42: 15-32.
- Frieden. "Invested Interests." International Organization. Aut. 1991. v. 45: 425-51.
- Pauly and Goodman. "The Obsolescence of Capital Controls." World Politics. Oct. 1993. v. 46: 50-82.
- Haggard and Maxfield. "The Political Economy of Financial Liberalization in the Developing World." In Keohane and Milner. Internationalization and Domestic Politics.

Andrews, David, C. Randall Henning, and Louis W. Pauly, eds. 2002. *Governing the World's Money*.

Eichengreen. Golden Fetters.

Gourevitch. "Squaring the Circle: Domestic Sources of International Cooperation." International Organization. Spr 1996. 50: 349-73.

Eichengreen. Globalizing Capital.

Kenen. Ed. Understanding Interdependence.

Cohen. The Geography of Money.

Helleiner. States and the Reemergence of Global Finance.

Webb. The Political Economy of Policy Coordination.

Maxfield. Gatekeepers of Growth.

### **Week 5 (Feb. 17): The Political Economy of Globalization I**

Garrett, Geoffrey. 1998. *Partisan Politics in the Global Economy*. New York: Cambridge University Press.

Rodrik, Dani. 1997. *Has Globalization Gone Too Far?* Washington, DC: Institute for International Economics.

Boix, Carles. 2000. Partisan Governments, the International Economy and Macroeconomic Policies in Advanced Nations, 1960-93. *World Politics* 53 (1):38-73.

Adsera, Alicia, and Carles Boix. 2002. Trade, Democracy and the Size of the Public Sector: The Political Underpinnings of Openness. *International Organization* 56 (2):229-62.

Recommended:

O'Rourke and Williamson. Globalization and History.

Quinn. "The Correlates of Change in International Financial Regulation." American Political Science Review. 1997. Vol. 91: 531-52.

Garrett and Lange, "Performance in a Hostile World", World Politics, 39, July 1986, 517-45.

Cameron, "The Expansion of the Political Economy", American Political Science Review, 72, Dec. 1978, pp. 1243-61.

Keohane and Milner. Eds. Internationalization and Domestic Politics. Chs. 1-4, 9-10.

Kitschelt, Lange, Marks and Stephens. Eds. Continuity and Change In Contemporary Capitalism. Chs.1-2, 4-8, 15.

Berger and Dore eds. National Diversity and Global Capitalism. Intro plus Chs. 1-2.

Scharpf, Crisis and Choice in European Social Democracy.

Garrett and P. Lange, "Political Responses to Interdependence", International Organization, 45, 4, Aut.1991: 539-64.

Andrews, "Capital Mobility and State Autonomy" International Studies Quarterly, v. 38, 1994.

Przeworski and M. Wallerstein, "Structural Dependence of the State on Capitalism",  
American Political Science Review, 82, 1, March 1988: 11-29.  
Cerny, "Globalization and the Changing Logic of Collective Action." IO. Aut. 1995, 49:  
595-626.

**Week 6 (Feb. 24): The Political Economy of Globalization II.**

Mosley, Layna. 2003. *Global Capital and National Governments*. Cambridge UK:  
Cambridge University Press. Chs. 1-6.  
Swank, Duane and Sven Steinmo. 2002. The New Political Economy of Taxation in  
Advanced Capitalist Democracies. *American Journal of Political Science* 46  
(3):642-55.  
Stiglitz, Joseph E. 2002. *Globalization and Its Discontents*. NY NY: Norton. Chs. 1-3, 7-  
9.  
Basu, Kaushik. 2003. Globalization and the Politics of International Finance: The Stiglitz  
Verdict. *Journal of Economic Literature* XLI (3):885-99.

**Week 7 (Mar. 2): The Political Economy of Development: Economic Growth**

Przeworski, Adam, Michael Alvarez, Jose Antonio Cheibub, and Fernando Limongi.  
2000. *Democracy and Development: Political Institutions and Well-Being in the  
World, 1950-1990*. NY: Cambridge University Press.  
Besley, Timothy, and Robin Burgess. 2003. Halving Global Poverty. *Journal of  
Economic Perspectives* 17 (3):3-22.  
Barro, Robert. 1997. *Determinants of Economic Growth: A Cross Country Study*.  
Cambridge MA: MIT Press. Chs. 1-2.  
Landa, Dimitri, and Ethan Kapstein. 2001. Inequality, Growth and Democracy. *World  
Politics* 53 (2):264-96.  
Temple, Jonathan. 1999. The New Growth Evidence. *Journal of Economic Literature*  
XXXVII (1):112-56.

Recommended:

Little, Economic Development.  
Little, Cooper, et. al., Boom, Crisis and Adjustment.  
North and R. Thomas, The Rise of the Western World.  
Gerschenkron, Economic Backwardness in Historical Perspective, esp. ch.1.  
Tilly, Capital, Coercion and European States.  
Olson, The Rise and Decline of Nations.  
Cameron, "Distributional Coalitions and Other Sources of Economic Stagnation",  
International Organization, 42, Autumn 1988.  
Rogowski, "Structure, Growth and Power", International Organization, 37, Autumn 1983.  
Scully, Constitutional Environments and Economic Growth.

**Week 8 (March 9): The Political Economy of Development: Economic Growth II**

- Easterly, William. 2001. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. Cambridge MA: MIT Press. All.
- Burnside, Craig, and David Dollar. 2000. Aid, Policies and Growth. *American Economic Review* 90 (4):847-68.
- Easterly, William. 2003. Can Foreign Aid Buy Growth? *Journal of Economic Perspectives* 17 (3):23-48.
- Wacziarg, Romain. 2002. Review of Easterly's 'The Elusive Quest for Growth'. *Journal of Economic Literature* XL (3):907-39.
- Lall, Deepak. 2000. *The Poverty of 'Development Economics'*. 2nd & expanded US ed. Cambridge MA: MIT Press. chs 1-5, 7.

**Week 9 (Mar. 23): The Political Economy of Development: The Role of Institutions.**

- Acemoglu, Daron, Simon Johnson and James Robinson. 2001. The Colonial Origins of Comparative Development: An Empirical Investigation. *American Economic Review* 91 (5):1369-1401.
- Acemoglu, Daron, Simon Johnson, and James Robinson. 2002. Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income. *Quarterly Journal of Economics* 117 (4):1231-94.
- Knack, Stephen, ed. 2003. *Democracy, Governance and Growth*. Ann Arbor MI: University of Michigan Press. Chs. 1-3, 5.
- Easterly, William and Ross Levine. 2002. Tropics, Germs and Crops: How Endowments Influence Economic Development. *National Bureau of Economic Research Working Paper* 9106.
- Rodrik, Dani, Arvind Subramanian, and Francesco Trebbi. 2002. Institutions Rule: The Primacy of Institutions over Geography and Intergation in Economic Development. *National Bureau of Economic Research Working Paper* 9305.
- Sokoloff, Kenneth, and Stanley Engerman. 2000. History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World. *Journal of Economic Perspectives* 14 (3):217-32.

Recommended:

- Haggard and Kaufman. The Political Economy of Democratic Transitions.
- Haggard and Kaufman. Eds. The Politics of Economic Adjustment.
- Little, Cooper, et. al. Eds. Boom, Crisis and Adjustment. Chs. 12-13.
- Sturzenegger and Tommasi. Eds. The Political Economy of Reform.

**Week 10 (March 30): The Political Economy of Development: Asia's Success**

- Shirk, Susan. 1993. *The Political Logic of Economic Reform in China*. Berkeley: University of California Press. Chs. 1-2, 8-9, 14.
- Huang, Yasheng. 2003. *Selling China: Foreign Direct Investment During the Reform Process*. Cambridge UK: Cambridge University Press. Chs. 1-3, 7.
- Wade, Robert. 1992. East Asia's Economic Success: Conflicting Perspectives, Partial Insights, Shaky Evidence. *World Politics* 44 (2):270-320.

Recommended:

- Zweig, David. Internationalizing China: Domestic Interests and Global Linkages.
- Haggard. Pathways from the Periphery.
- Wade, Governing the Market.
- Shafer. Winners and Losers.
- Frieden, Debt, Development and Democracy.
- K. Sikkink, Ideas and Institutions.
- R. Wade, Governing the Economy.
- P. Evans, Embedded Autonomy.
- J. Caporaso, ed., special issue IO, Winter 1978, 32, #1.
- P. Evans, Dependent Development.
- M. Doyle, Empires.
- V. I. Lenin, Imperialism: The Highest Stage of Capitalism.
- J. Schumpeter, Imperialism and Social Classes.
- A. Brewer, Marxist Theories of Imperialism.
- J. Hobson, Imperialism.
- D. K. Fieldhouse, Economics and Empire.
- B. Cohen, The Question of Imperialism.
- T. Smith, The Pattern of Imperialism.
- W. LaFeber, The New Empire.
- C. Cipolla, Economic Decline of Empires.
- M. Kahler, Decolonization in Britain and France.
- N. Hamilton, The Limits of State Autonomy.
- S. Krasner, Structural Conflict.
- J. Frieden, International Investment and Colonialism." International Organization. v.48  
Aut. 1994.

**Week 11 (Apr. 6): The Political Economy of Development: Latin America**

- Kaufman, Robert and Alex Segura-Ubierno. 2001. Globalization, Domestic Politics, and Social Spending in Latin America: A Time-Series Cross-Section Analysis, 1973-97. *World Politics* 53 (4):553-87.

- Wibbels, Erik, and Moises Arce. 2003. Globalization, Taxation and Burden Shifting in Latin America. *International Organization* 57 (1):111-36.
- Manzetti, Luigi. 2003. Political Manipulations and Market Reforms Failures. *World Politics* 55 (3):315-360.
- Edwards, Sebastian. 1995. *Crisis and Reform In Latin America: From Despair to Hope*. Edited by T. W. Bank. NY NY: Oxford University Press. Chs. 1-3, 5, 8-9.
- Murillo, Victoria. 2000. From Populism to Neoliberalism: Labor Unions and Market Reforms in Latin America. *World Politics* 52 (2):135-74.
- Schamis, Hector. 1999. Distributional Coalitions and the Politics of Economic Reform in Latin America. *World Politics* 51 (2):236-68.

Recommended:

- Weyland, Kurt. 2002. *The Politics of Market Reform in Fragile Democracies: Argentina, Brazil, Peru and Venezuela*. Princeton NJ: Princeton University Press.
- Stokes, Susan. 2001. *Mandates and Democracy: Neoliberalism By Surprise in Latin America*. NY NY: Cambridge University Press.
- Centeno, Miguel Angel. 2002. *Blood and Debt: War and the Nation-State in Latin America*. University Park, PA: Pennsylvania State University.

**Week 12 (Apr. 13): The Political Economy of Development: Africa's Failure**

- Englebert, Pierre. 2000. *State Legitimacy and Development in Africa*. Boulder CO: Lynne Rienner. All.
- van de Walle, Nicolas. 2001. *African Economies and the Politics of Permanent Crisis, 1979-1999*. NY NY: Cambridge University Press. Chs. 1-2, 5-7.
- Easterly, William and Ross Levine. 1997. Africa's Growth Tragedy: Policies and Ethnic Divisions. *Quarterly Journal of Economics* 112:1203-50.
- Block, Steven. 2001. Does Africa Grow Differently? *Journal of Development Economics* 65 (2):443-67.
- Collier, Paul and Jan Willem Gunning. 1999. Explaining African Economic Performance. *Journal of Economic Literature* 37 (1):64-111.
- African Development Bank. 2003. *African Development Report 2003*. Oxford UK: Oxford University Press.

Recommended:

- Bates, Markets and States in Tropical Africa, chs. 1-4 plus pp.119-133.
- "Slow Growth in Africa." Articles by Collier and Gunning, Ndulu and O'Connell, and Sender. *Journal of Economic Perspectives*. Summer 1999. v. 13: 3-22, 41-66, 89-114.
- Quinn, John James. 2002. The Road oft Traveled: Development Policies and Majority State Ownership of Industry in Africa. Westport CT: Praeger.

**Week 13 (Apr. 20): The Political Economy of Development: The Transition Economies.**

- Campos, Nauro, and Fabrizio Coricelli. 2002. Growth in Transition: What We Know, What We Don't Know, and What We Should. *Journal of Economic Literature* XL (3):793-836.
- Hellman, Joel. 1998. Winners Take All: The Politics of Partial Reform in Postcommunist Transitions. *World Politics* 50 (2 (January)):203-34.
- Frye, Timothy. 2002. The Perils of Polarization: Economic Performance in the Postcommunist World. *World Politics* 54 (3):308-37.
- Kopstein, Jeffrey, and David Reilly. 2000. Geographic Diffusion and the Transformation of the Postcommunist World. *World Politics* 53 (1):1-37.

Recommended:

- Shleifer, Andrei, and Daniel Treisman. 2000. *Without a Map: Political Tactics and Economic Reform*. Cambridge MA: MIT Press.
- Aslund, Anders. 2002. *Building Capitalism: The Transformation of the Former Soviet Bloc*. NY NY: Cambridge University Press.
- Roland, Gerard. 2000. *Transition and Economics: Politics, Markets and Firms*. Cambridge MA: MIT Press.

**Week 14 (April 27): The Political Economy of Development: Economic Reform and External Pressures**

- Stone, Randall. 2002. *Lending Credibility: The IMF and the Post-Communist Transition*. Princeton NJ: Princeton University Press. Chs. 1-4.
- Vreeland, James. 2003. *The IMF and Economic Development*. Cambridge UK: Cambridge University Press. Chs. 1-3, 6.
- Rodrik, Dani. 1996. Understanding Economic Policy Reform. *Journal of Economic Literature* 34 (March):9-41.
- Alesina, Alberto and Dollar, David. 2000. Who Gives Foreign Aid to Whom and Why? *Journal of Economic Growth* 5:33-63.
- Thacker, Strom. 1999. The High Politics of IMF Lending. *World Politics* 52 (1):38-75.
- Krueger, Anne O. 1998. Whither the World Bank and the IMF? *Journal of Economic Literature* XXXVI (4):1983-2020.

Recommended:

- Milner, Helen V. with Keiko Kubota. 2003. Why the Move to Free Trade? Democracy and Trade Liberalization in the Developing World, 1970-1999. *International Organization*. Forthcoming 2004/5.

- Bird, Graham. 1996. The IMF and the Developing Countries: A Review of the Evidence and Policy Options. *International Organization* 50 (3):477-512.
- Killick, Tony. 1998. *Aid and the political economy of policy change*. London ; New York: Routledge.
- Przeworski, Adam, and James Vreeland. 2000. The Effect of IMF Programs on Economic Growth. *Journal of Development Economics* 62 (2):385-421.
- Killick, Tony. 1995. *IMF programmes in developing countries : design and impact, Development policy studies*. London ; New York, NY: Routledge.
- Mosley, Paul, Jane Harrigan, and John Toye. 1991. *Aid and Power: The World Bank and Policy Based Lending in the 1980s*. 2 vols. London: Routledge.
- Tornell, Aaron. 1998. Reform From Within. *National Bureau of Economic Research Working Paper* w6497.