

Political Science 579: The Politics of International Finance
Friday, 9:30-12:00, Fenno Room (Harkness 329)

Fall 2020

Randall Stone
Professor of Political Science
randall.stone@rochester.edu

Purpose of the course: This is an advanced course intended for Ph.D. students. The first half of the course surveys contemporary research on several topics in international finance, including

Course Outline:

Friday, Aug. 28: The Geography of

Stone, Randall W. *Lending Credibility: The International Monetary Fund and the Post-Communist Transition* (Princeton: Princeton Univ. Press, 2002).

Nelson, Stephen C. 2014. Playing Favorites: How Shared Beliefs Shape the IMF's Lending Decisions. *International Organization* 68 (2): 297-328.

J. Lawrence Broz. 2005. Congressional Politics of International Financial Rescues. *American Journal of Political Science* 49 (3) (July): 479-496.

Lipsky, Phillip Y. 2015. Explaining Institutional Change: Policy Areas, Outside Options, and the Bretton Woods Institutions. *American Journal of Political Science* 59 (2): 341-356.

Friday, Oct. 2: Foreign Direct Investment

Wellhausen, Rachel L. 2015. *The Shield of Nationality: When Governments Break Contracts with Foreign Firms*. Cambridge University Press. Chapters 3-5.

Helpman, Elhanan, Marc J. Melitz and Stephen R. Yeaple. 2004. Export versus FDI with Heterogeneous Firms. *American Economic Review* 94(1): 300-316.

Henisz, Witold J. 2000. The Institutional Environment for Multinational Investment. *Journal of Law, Economics, and Organization* 16: 334-364.

Li, Quan, and Adam Resnick. 2003. Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries. *International Organization* 57(1): 175-211.

Elkins, Zachary, Andrew T. Guzman, and Beth A. Simmons. 2006. Competing for Capital: The Diffusion of Bilateral Investment Treaties, 1959-2000. *International Organization* 60: 811-846.

Johns, Leslie and Rachel L. Wellhausen. 2016. Under One Roof: Supply Chains and the Protection of Foreign Investment. *American Political Science Review* 110 (1): 31-51.

Friday, Oct. 9: Multinational Firms and International Organizations

Ryu, Jeheung, and Randall W. Stone. 2018. Plaintiffs by Proxy: A Firm-Level Approach to WTO Dispute Resolution. *The Review of International Organizations* 13 (2) (June): 273-308.

Malik, Rabia, and Randall W. Stone. Corporate Influence in World Bank Lending. 2018. *Journal of Politics* 80 (1) (January): 103-18.

Dang, Trung, and Randall W. Stone. Forthcoming. Multinational Banks and IMF Conditionality.

Stone, Randall W., Yu Wang and Shu Yu. Forthcoming. The Rise of China's Multinationals.

Friday, Oct. 16: Foreign Aid

Bermeo, Sarah Blodgett. 2017. *Targeted Development: Industrialized Country Strategy in a Globalizing World*. Oxford: Oxford Univ. Press. Chapters 2, 3, 4. PDF available from the instructor.

Drazen, *Political Economy in Macroeconomics*, pp. 601-613.

Bueno de Mesquita, Bruce, and Alastair Smith. 2009. A Political Economy of Aid. *International Organization* 63 (2): 309-340.

Burnside, Craig and David Dollar. 2000. Aid, Policies and Growth. *American Economic Review* 90 (September): 847-68.

Kuziemko, Ilyana and Eric Werker. 2006. How Much Is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations. *Journal of Political Economy* 114 (4): 905-30.

Carter, David B., and Randall W. Stone. 2015. Multilateralism and Democracy: The Case of Vote Buying in the United Nations General Assembly. *International Organization*.

O'Quinn, Kevin. 2006. The Political Economy of Aid. *American Political Science Review* 56 (2) (June 1962): 301-09.

Friday, Oct. 23: International Finance under the Gold Standard

Eichengreen, *Globalizing Capital*. Chapters 2, 3.

Simmons, Beth. *Who Adjusts? Domestic Sources of Foreign Economic Policy during the Interwar Years*. (Princeton: Princeton Univ. Press, 1994).

Friday, Oct. 30: International Finance in the Bretton Woods Era

Eichengreen, *Globalizing Capital*. Chapter 4.

Milner, Helen V. *Interests, Institutions, and Information: Domestic Politics and International Relations*. Princeton: Princeton Univ. Press, 1997. Chapter 5, pp. 135-57.

Keohane, Robert O. *After Hegemony: Cooperation and Discord in the World Political Economy*. (Princeton: Princeton Univ. Press, 1984), Chapters 8, 9.

Helleiner, Eric. *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s*. (Ithaca: Cornell Univ. Press, 1994). Chapters 1-5.

Drazen, Allen. *Political Economy in Macroeconomics*. PUP, 2000. (pp. 529-44.)

Friday, Nov. 6: International Finance under Flexible Exchange Rates

Eichengreen, *Globalizing Capital*. Chapter 5.

Odell, John S. *Negotiating the World Economy*. (Cornell Univ. Press, 2000). Chpt. 4.

Helleiner, Eric.

Additional suggested readings:

Abdelal, Rawi. *Capital Rules: The Construction of Global Finance*. HUP, 2007.

Aggarwal, Vinod K. *Debt Games: Strategic Interaction in International Debt Rescheduling*. (New York: Cambridge Univ. Press, 1996). Chpts. 11, 13, 14.

Alesina, Alberto, and Beatrice Weder. 2002. Do Corrupt Governments Receive Less Foreign Aid? *The American Economic Review* 92 (4): 1126-38.

Blustein, Paul. 2001. *The Chastening: Inside the Crisis that Rocked the Global Financial System and Humbled the IMF*. New York: Public Affairs.

Eichengreen, Barry. 1992. The Origins and Nature of the Great Slump Revisited. *The Economic History Review* New Series, Vol. 45, No. 2 (May): 213-239.

Frieden, Jeffrey A. 1991. *Debt, Development, and Democracy: Modern Political Economy and Latin America, 1965-1985*. Princeton: PUP. Chapters 2-3 (pp. 42-94).

Helleiner, Eric. *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s*. (Ithaca: Cornell Univ. Press, 1994). Chapter 9.

Jensen, Nathan M. 2003. Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment. *International Organization* 57 (3): 587-616.

Jensen, Nathan M. 2008. Political Regimes and Political Risk: Democratic Institutions and Expropriation Risk for Multinational Investors. *Journal of Politics* 70 (4): 1040-1052.

B the, Tim, and Helen V. Milner. 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.

Oye, Kenneth. *Economic Discrimination and Political Exchange: World Political Economy in the 1930s and 1980s*. Princeton: Princeton Univ. Press, 1993. Chpt. 6.

Reinhart, Carmen M., and Kenneth S. Rogoff. 2004. The Modern History of Exchange Rate Arrangements: A Reinterpretation. *The Quarterly Journal of Economics*, Vol. 119, No. 1 (Feb.): 1-48.

Steinwand, Martin, and Randall W. Stone. 2008. The International Monetary Fund: A Review of the Recent Evidence. *Review of International Organizations* 3 (2) (June): 123-49.

Stone, Randall W. 2004. The Political Economy of IMF Lending in Africa. *American Political Science Review* 98:577-591.

Kilby, Christopher. 2009. The Political Economy of Conditionality: An Empirical Analysis of World Bank Loan Disbursements. *Journal of Development Economics* 89 (1) (May): 51-61.

Alesina, Alberto, and David Dollar. 2000. Who Gives Aid to Whom and Why? *Journal of Economic Growth* 5 (March): 33-63.

Easterly, William, Ross Levine, and David Roodman. 2004. Aid, Policies, and Growth: Comment. *American Economic Review* 94 (3):774-80.

Vernon, Raymond. 1971. *Sovereignty at Bay: The Multinational Spread of U.S. Enterprises*. New York, NY: Basic Books. Selections.