

International Relations

Master in Social Sciences

Carlos III – Juan March Institute of Social Sciences

Spring 2021

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Meeting Time and Location

Thursdays 10 am – 1 pm, Aula 18.1.A01

Course Description and Objectives

The course is structured in two parts. The first part will cover topics around international political economy, with a focus on four issues: international organizations, finance, investment, and trade. Session 1 examines why states join international organizations and what these institutions can or cannot accomplish. Sessions 2 and 3 focus on international monetary and financial relations, including discussions about sovereign debt (session 2) as well as central bank independence and monetary integration (session 3).

Session 4 combines financial relations to international investment, looking at capital mobility both in terms of portfolio investment (equity, securities, debt) and in terms of foreign direct investment. Session 5 zooms in on foreign direct investment, including a discussion of how bilateral investment treaties help mitigate political risk. Finally, session 6 examines international trade, with a focus on who supports protectionism, and when. Along the way, we will identify the welfare effects and distributional consequences of foreign economic policy decisions. We will use the tools of political science to analyze how interest groups, voters, bureaucrats, policymakers, ideas, and power politics interact to shape policy outcomes.

The second part of the course covers conflict and violence. The first two sessions deal with the core of IR conflict, interstate war. Since wars are less frequent these days, the big puzzle is the decline of war in the international order. First, we discuss in session 7 the democratic and capitalist peace theories and then, in session 8, historical arguments are introduced. Sessions 9 and 10 address the most prevalent form of conflict today, civil war. Session 9 discusses the different types of civil wars, and the political dynamics that they set into motion, while session 10 introduces the literature on the causes of civil war and the methodological problems to identify them.

Finally, sessions 11 and 12 tackle terrorism. Session 11 is about the nature of terrorism and terrorist groups. Session 12 is, in a sense, less academic and more oriented to current affairs, reviewing what we know about Jihadist insurgency, with an emphasis on Al Qaeda and ISIS.

Readings

The readings are mandatory, except those marked as “recommended” or (in the IPE sessions) as “presentations.” The key to succeed in this course is to do the readings in advance. You can find all the reading materials in Aula Global.

Assignments

You have to write a research paper (80% of the final grade). You can choose to do the paper either in international political economy or conflict. Depending on the choice, the paper will be evaluated by the instructor teaching on that area. The remaining 20% of the grade corresponds to class participation and class presentations.

In addition to the core and recommended readings, sessions 2 to 6 each include 4 papers that illustrate the IPE topics discussed on that week (see “Presentations” below). At the beginning of the semester, you will sign up to present a paper of your interest. In the corresponding session, you will give a 5–10-minute presentation to your colleagues, connecting the paper you read to the main discussion.

Course Outline

Part 1: International Political Economy

Feb 11: Session 1. International Organizations

Core Readings

Why states cooperate

- Beth Simmons and Lisa Martin. 1998. “Theories and Empirical Studies of International Institutions.” *International Organization* 52(4): 729–757.

International organizations as a seal of approval

- Julia Gray. 2009. “International Organization as a Seal of Approval: European Union Accession and Investor Risk.” *American Journal of Political Science* 53(4): 931–949.

How professional training affects the functioning of international organizations

- Jeffrey M. Chwieroth. 2013. “‘The Silent Revolution’: How the Staff Exercise Informal Governance over IMF Lending.” *Review of International Organizations* 8(2):265–290.

Recommended Readings

- Kenneth Abbott and Duncan Snidal. 1998. “Why States Act Through Formal International Organizations.” *Journal of Conflict Resolution* 42(1): 3–32.
- Molly E. Bauer, Cesi Cruz and Benjamin A.T. Graham. 2012. “Democracies Only: When do IMF Agreements Serve as a Seal of Approval?” *Review of International Organizations* 7(1):33–58.
- Julia Gray. 2018. “Life, Death, or Zombie? The Vitality of International Organizations.” *International Studies Quarterly* 62(1): 1–13.

Feb 18: Session 2. Sovereign Debt

Core Readings

Background

- Michael Tomz and Mark L.J. Wright. 2013. “Empirical Research on Sovereign Debt and Default.” *Annual Review of Economics* 5:247–272.

Borrowing from capital markets

- Sarah M. Brooks, Raphael Cunha and Layna Mosley. 2015. “Categories, Creditworthiness, and Contagion: How Investors’ Shortcuts Affect Sovereign Debt Markets.” *International Studies Quarterly* 59(3):587–601.

Borrowing from the IMF

- Sarah L. Babb and Bruce G. Carruthers. 2008. “Conditionality: Forms, Function, and History.” *Annual Review of Law and Social Science* 4:13–29.

Recommended Readings

- Nooruddin, Irfan and Joel W. Simmons. 2006. "The Politics of Hard Choices: IMF Programs and Government Spending." *International Organization* 60(4):1001–1033.
- Cameron Ballard-Rosa, Layna Mosley and Rachel L. Wellhausen. 2019. "Contingent Advantage? Sovereign Borrowing, Democratic Institutions, and Global Capital Cycles." *British Journal of Political Science* (online first): 1–21.
- Mark Copelovitch. 2010. "Master or Servant? Common Agency and the Political Economy of IMF Lending." *International Studies Quarterly* 54(1): 49–77.

Presentations (5)

Sovereign debt resettlement in Iceland

- K. Amber Curtis, Joseph Jupille and David Leblang. 2014. "Iceland on the Rocks: The Mass Political Economy of Sovereign Debt Resettlement." *International Organization* 68(3):721–740.

Bond markets vs. bank lending in Latin America

- Stephen B. Kaplan and Kaj Thomsson. 2017. "The Political Economy of Sovereign Debt: Global Finance and Electoral Cycles." *Journal of Politics* 79(2):605–623.

IMF lending in Africa

- Randall W. Stone. 2004. "The Political Economy of IMF Lending in Africa." *American Political Science Review* 98(4):577–591.

Why some countries like IMF conditionality

- James Raymond Vreeland. 2003. "Why Do Governments and the IMF Enter into Agreements? Statistically Selected Cases." *International Political Science Review* 24(3):321–343.

The relationship between IMF loans and capital markets

- Terrence Chapman, Songying Fang, Xin Li and Randall W. Stone. 2017. "Mixed Signals: Crisis Lending and Capital Markets." *British Journal of Political Science* 47(2):329–349.

Feb 25: Session 3. Monetary Politics

Core Readings

Background

- J. Lawrence Broz and Jeffrey Frieden. 2001. "The Political Economy of International Monetary Relations." *Annual Review of Political Science* 4:317–343.

The emergence of central banks

- J. Lawrence Broz. 1998. "The Origins of Central Banking: Solutions to the Free-Rider Problem." *International Organization* 52(2):231–268.

Monetary integration in Europe

- Jeffrey Frieden. 2015. *Currency Politics: The Political Economy of Exchange Rate Policy*. Princeton: Princeton University Press. ["Chapter 4 - European Monetary Integration: From Bretton Woods to the Euro and Beyond," pp. 137–185]

Recommended Readings

- William Bernhard, J. Lawrence Broz, and William Roberts Clark. 2002. "The Political Economy of Monetary Institutions." *International Organization* 56(4): 693–723.
- William Roberts Clark and Mark Hallerberg. 2000. "Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy." *American Political Science Review* 94(2):323–346.

Presentations (4)

Ideology and central bank independence

- Timm Betz. 2020. "The Electoral Costs of Policy Commitments." *Political Science Research and Methods* 8(1):30–44.

How central banks reduce borrowing costs in times of war

- Paul Poast. 2014. "Central Banks at War." *International Organization* 69(1):63–95.

How central bank independence improves credit ratings

- Cristina Bodea and Raymond Hicks. 2018. "Sovereign Credit Ratings and Central Banks: Why do Analysts Pay Attention to Institutions?" *Economics and Politics* 30(3):340–365.

Remittances and fixed exchange rates

- David Andrew Singer. 2010. "Migrant Remittances and Exchange Rate Regimes in the Developing World." *American Political Science Review* 104(2):307–323.

Mar 4: Session 4. Capital Mobility

Core Readings

Causes of financial openness

- Dennis Quinn and Carla Inclán. 1997. "The Origins of Financial Openness: A Study of Current and Capital Account Liberalization." *American Journal of Political Science* 41(3):771–813.

Consequences of financial openness

- Layna Mosley. 2000. "Room to Move: International Financial Markets and National Welfare States." *International Organization* 54(4):737–773.

Portfolio investment vs. foreign direct investment

- John Ahlquist. 2006. "Economic Policy, Institutions, and Capital Flows: Portfolio and Direct Investment Flows in Developing Countries." *International Studies Quarterly* 50(3):681–704.

Recommended Readings

- Beth Simmons. 2001. "The International Politics of Harmonization: The Case of Capital Market Regulation." *International Organization* 55(3):589–620.
- Scott Basinger and Mark Hallerberg. 2004. "Remodeling the Competition for Capital: How Domestic Politics Erases the Race-to-the-Bottom." *American Political Science Review* 98(2):261–276.
- Erik Wibbels. 2006. "Dependency Revisited: International Markets, Business Cycles, and Social Spending in the Developing World." *International Organization* 60(2):433–468.

Presentations (4)

Regime type and capital mobility

- Amy Pond. 2018. "Financial Liberalization: Stable Autocracies and Constrained Democracies." *Comparative Political Studies* 51(1):105–135.

Ideology and capital mobility

- Dennis Quinn and A. Maria Toyoda. 2007. "Ideology and Voter Preferences as Determinants of Financial Globalization." *American Journal of Political Science* 51(2): 344–363.

When do leftist governments in Latin America embrace financial openness?

- Daniela Campello. 2014. "The Politics of Financial Booms and Crises: Evidence from Latin America." *Comparative Political Studies* 47(2): 260–286.

Workers' preferences and capital account policy

- Amy Pond. 2018. "Worker Influence on Capital Account Policy: Inflow Liberalization and Outflow Restrictions." *International Interactions* 44(2):244–267.

Mar 11: Session 5. Foreign Direct Investment

Core Readings

Why firms invest abroad

- Nathan M. Jensen, Glen Biglaiser, Quan Li, Edmund Malesky, Pablo Pinto, Santiago Pinto and Joseph Staats. 2012. *Politics and Foreign Direct Investment*. Ann Arbor: University of Michigan Press. ["Chapter 1 - Introduction: Multi-national Corporations and Governments," pp. 1–26]

Political risk

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

Bilateral investment treaties

- Srividya Jandhyala, Witold J. Henisz and Edward D. Mansfield. 2011. "Three Waves of BITs: The Global Diffusion of Foreign Investment Policy." *Journal of Conflict Resolution* 55(6):1047–073.

Recommended Readings

- Kenneth Scheve and Matthew J. Slaughter. 2004. "Economic Insecurity and the Globalization of Production." *American Journal of Political Science* 48(4):662–674.
- Rachel L. Wellhausen. 2015. "The Shield of Nationality: When Governments Break Contracts with Foreign Firms." Cambridge: Cambridge University Press. ["Chapter 2 - When Governments Break Contracts," pp. 15–35]
- Nathan M. Jensen and Noel P. Johnston. 2011. "Political Risk, Reputation, and the Resource Curse." *Comparative Political Studies* 44(6):662–688.

Presentations (4)

Colonialism and international investment

- Jeffrey Frieden. 1994. "International Investment and Colonial Control: A New Interpretation." *International Organization* 48(4):559–593.

Preferences for FDI in Latin America

- Sonal S. Pandya. 2010. "Labor Markets and the Demand for Foreign Direct Investment." *International Organization* 64(3):389–409.

Why Brazil never ratified a BIT

- Daniela Campello and Leany Lemos. 2015. "The Non-Ratification of Bilateral Investment Treaties in Brazil: A Story of Conflict in a Land of Cooperation." *Review of International Political Economy* 22(5):1055–1086.

The political consequences of offshoring

- Stephanie Rickard. 2020. "Incumbents Beware: The Impact of Offshoring on Elections." *British Journal of Political Science* (online first): 1–27.

Mar 18: Session 6. Trade

Core Readings

Background

- K. Alec Chrystal, Cletus C. Coughlin and Geoffrey E. Wood. 1988. "Protectionist Trade Policies: A Survey of Theory, Evidence and Rationale." *Federal Reserve Bank of St. Louis Review* 70(1):12–29.

Trade policy preferences

- Anna Maria Mayda and Dani Rodrik. 2005. "Why Are Some People (and Countries) More Protectionist Than Others?" *European Economic Review* 49(6):1393–1430.

Trade policy in the developing world

- Helen V. Milner and Keiko Kubota. 2005. "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries." *International Organization* 59(1):107–143.

Recommended Readings

- James E. Alt and Michael Gilligan. 1994. "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions." *Journal of Political Philosophy* 2(2):165–192.
- Richard B. Freeman. 1995. "Are Your Wages Set in Beijing?" *Journal of Economic Perspectives* 9(3):15–32.
- Kenneth Scheve and Matthew Slaughter. 2001. "What Determines Individual Trade Policy Preferences." *Journal of International Economics* 54(2): 267–292.

Presentations (4)

Tariffs and non-tariff barriers

- Daniel Y. Kono. 2006. "Optimal Obfuscation: Democracy and Trade Policy Transparency." *American Political Science Review* 100(3): 369–384.

Tariffs and gender

- Timm Betz, David Fortunato, and Diana Z. O'Brien. 2020. "Women's Descriptive Representation and Gendered Import Tax Discrimination." *American Political Science Review* (online first): 1–9.

Trade policy preferences in the United States

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

The benefits of joining the GATT/WTO

- Todd L. Allee and Jamie E. Scalera. 2012. "The Divergent Effects of Joining International Organizations: Trade Gains and the Rigors of WTO Accession." *International Organization* 66(2):243–276.

Part 2: Conflict and Violence

Mar 25: Session 7. Democratic and Capitalist Peace Theories

Core Readings

- John Oneal & Bruce Russett. 1999. "The Kantian Peace. The Pacific Benefits of Democracy, Interdependence, and International Organizations, 1885-1992." *World Politics* 52(1):1–37.
- Lars-Erik Cederman. 2001. "Back to Kant: Reinterpreting the Democratic Peace As a Macrohistorical Learning Process." *American Political Science Review* 95(1):15–31.
- Erik Gartzke. 2007. "The Capitalist Peace." *American Journal of Political Science* 51(1):166–191.

Recommended Readings

- Allan Dafoe. 2011. "Statistical Critiques of the Democratic Peace: Caveat Emptor." *American Journal of Political Science* 55(2):247–262.

- Michael Mousseau. 2009. "The Social Market Roots of Democratic Peace." *International Security* 33(4):52–86.

Apr 8: Session 8. Introducing History to Explain the Decline of War

Core Readings

- Steven Pinker. 2011. *The Better Angels of Our Nature*. London: Penguin. [Chapter 5]
- Azar Gat. 2005. "The Democratic Peace Theory Reframed: The impact of Modernity." *World Politics* 58(1):73–100.
- J. Tyson Chatagnier and Emanuele Castelli. 2016. "A Modern Peace? Schumpeter, the Decline of Conflict, and the Investment–War Trade-Off." *Political Research Quarterly* 69(4):852–864.

Recommended Readings

- Lars-Erik Cederman, T. Camber Warren, and Didier Sornette. 2011. "Testing Clausewitz: Nationalism, Mass Mobilization, and the Severity of War." *International Organization* 65(4):605–638.
- Ronald F. Inglehart, Bi Puranen, and Christian Welzel. 2015. "Declining Willingness to Fight for One's Country: The Individual-Level Basis of the Long Peace." *Journal of Peace Research* 52(4):418–434.

Apr 15: Session 9. Civil War: Types and Dynamics

Core Readings

- Stathis Kalyvas. 2006. *The Logic of Civil War*. Cambridge: Cambridge University Press. [Chapters 1, 4 and 7]
- Laia Balcells and Stathis N. Kalyvas. 2014. "Does Warfare Matter? Severity, Duration, and Outcomes of Civil Wars." *Journal of Conflict Resolution* 58(8):1390–1418.
- Ana Arjona. 2016. *Rebelocracy. Social Order in the Colombian Civil War*. Cambridge: Cambridge University Press. [Chapter 3]

Apr 22: Session 10. Civil War: Causes

Core Readings

- James D. Fearon and David D. Laitin. 2003. "Ethnicity, Insurgency, and Civil War." *American Political Science Review* 97(1):75–90.
- Lars-Erik Cederman, Kristian Gleditsch and Nils B. Ward. 2011. "Horizontal Inequalities and Ethnonationalist Civil War." *American Political Science Review* 105(3):478–495.
- Timothy Besley and Torsten Persson. 2011. "The Logic of Political Violence." *Quarterly Journal of Economics* 126(3):1411–1445. [You do not have to follow the formal model closely]

Apr 29: Session 11. Terrorism

Core Readings

- Luis de la Calle and Ignacio Sánchez-Cuenca. 2021. *A Theory of Terrorism*. Manuscript.

Recommended Readings

Andrew H. Kydd and Barbara F. Walter. 2007. "The Strategies of Terrorism." *International Security* 31(1):49–80.

May 6: Session 12. Jihadist Insurgencies: Between Terrorism and Guerrilla

Core Readings

- Barbara Walter. 2017. "The New Civil Wars". *Annual Review of Political Science* 20:469–486.
- Charles Lister. 2015. *The Syrian Jihad. Al-Qaeda, the Islamic State and the Evolution of an Insurgency*. Oxford: Oxford University Press. [Chapter 11]
- Seth G. Jones et al. 2017. *Rolling Back the Islamic State*. Santa Monica: Rand Corporation. [Chapters 1, 2, 4 and 5]