POLITICAL ECONOMY OF TRADE AND INVESTMENT  
POLS W3961 sec. 001 – FALL 2013

DAY & TIME: Monday 4:10–6:00pm  
LOCATION: 1302 IAB

INSTRUCTOR: Pablo M. Pinto  
OFFICE HOURS: By appointment  
OFFICE: 1331 IAB; ext. 43351  
EMAIL: pp2162@columbia.edu

COURSE DESCRIPTION:

This course examines the politics of several major issues in international trade and investment. It is aimed at exploring why and how governments regulate the flow of goods and capital across national borders, and analyzes the distributional impact of globalization in two of its forms: the flow of goods and services, and the flow of investment capital.

The course is divided into three blocs that look at the distributive consequences of trade, the political economy of trade politics, and the political economy of investment, respectively. In each section we will review briefly the theoretical and empirical explanations of trade and foreign direct investment.

The syllabus presumes some familiarity with international economics. Economic theory will help us identify the welfare and distributional implications of alternative policies toward the world economy. We will make extensive use of the insights from economic theory to analyze how political actors (voters, interest groups, political parties, and politicians) interact within political institutions to shape policy outcomes.

GRADING:

The course will be taught in seminar format. Class participation accounts for one–fourth of the course grade. Other assignments, including writing an original research paper, account for the remaining seventy five percent of the grade. There will be no extensions for late submission of assignments. Late assignments will be penalized at a rate of a full letter grade for every day an assignment is late, including weekends. For example an “A” paper due on Monday at 12pm will receive a “B” grade if received by 12pm on the next day, a “C” by tpm the second day, etc.. I will not grant incompletes for final papers except for documented family or health emergencies.

ASSIGNMENTS:

1. CLASS PARTICIPATION (25 % OF GRADE): The course will be taught in seminar format. All students are required to attend class, do all the required readings for each week, and take an active role in discussing the readings. I will evaluate participation as preparedness and input to discussion. Class participation is worth twenty five percent of the final grade. A student who misses a class should submit by 9am on the next day a one–page critical summary of the readings for that week. Each week we will also review the most relevant developments in
world affairs and their relationship to the themes of the course. You are expected to read the section titled *The world this week* published in the latest issue of *The Economist*. Make sure you read both the politics and business segments in the issue and are ready to discuss them in class. Your input to the discussion will count towards your final class participation grade. The journal is available online or through the Library.

2. **Research Paper (50 % of grade):** students will write an original research paper on any of the themes of the course. A proposal defining the topic of your research, method, and sources (2 pages long) is due at the beginning of the October 7th session of the seminar. The final two sessions of the seminar are reserved for in–class presentation and discussion of research papers. Each student will prepare a rough draft report of their research in progress (about 2/3 of the paper), submit it to his/her discussant, and will post a copy on Courseworks by 5pm on Friday November 25th. Another student will discuss the draft and provide written comments as explained below. Final papers are due at noon on Monday December 16th.

3. **Two Review Papers (10 % of grade each):** students will prepare two short review papers (3–page long) critically reviewing one of the weekly themes. The review essays should avoid summarizing the readings. By the end of the first week I will distribute the assignments for the weekly review papers, based on student choice to the extent possible. These papers are due in hard copy at the beginning of the corresponding class, and should be posted on Courseworks by 9am that day. Students writing a review essay will lead the class discussion each week.

4. **Discussant (5 % of grade):** each student will be assigned to discuss a draft paper submitted by a classmate. Discussants should also submit a written summary of their comments and suggestions for improvement of the paper to the author and to the instructor. The quality of the comments and performance in class as discussant will count towards the student’s final grade.

**Readings:** Required readings for each week are marked with a bullet (●) on the reading list. You are also encouraged to look into the recommended readings, which are listed under each section with a star (★). All the readings are on reserve at Lehman Library, except for Journal articles which are available online through CLIO. The syllabus provides the URL links to articles that are only available online. Several of the readings are also available in abridged form in Jeffry Frieden, David Lake and Lawrence Broz (2009–2011), *International Political Economy. Perspectives on Global Power and Wealth*, fifth edition. (W. W. Norton and Company). Other books that will be used extensively in the course are also available for purchase at Book Culture (536 W 112th Street, New York).

**Announcements:** You should check Courseworks periodically for announcements regarding this seminar.
I. Economics of Trade  

Week 1: September 9, 2013  

A. Explaining Trade Patterns – Theory  

Week 2: September 16, 2013  

B. Explaining Trade Patterns and Policy – Evidence  
   • Helpman, Elhanan (1999). The Structure of Foreign Trade. The Journal of Economic Per-
perspectives, Vol. 13, No. 2. (Spring, 1999), pp. 121–144.


Week 3: September 23, 2013 – No class

Week 4: September 30, 2013

C. Distributive Effects of Trade


★ Hanson, Gordon H. (2004). What Has Happened to Wages in Mexico since NAFTA? Im-


**WEEK 5: OCTOBER 7, 2013 – NOTE: RESEARCH PAPER OUTLINE DUE**

D. CLASS OR INDUSTRY CLEAVAGES?


WEEK 6: OCTOBER 14, 2013
E. DERIVING ACTORS’ PREFERENCES
F. Partisanship, Ideology and Trade Politics


II. Political Economy of Trade

Week 7: October 21, 2013

A. Models of Trade Politics

Chapter 4 (pp. 115–174).

**WEEK 8: OCTOBER 28, 2013**

B. MODELS WITH DOMESTIC INSTITUTIONS


Week 9: November 4, 2013 – No class (University Holiday)

Week 10: November 11, 2013

C. INTERNATIONAL INSTITUTIONS
• Olarreaga, Marcelo, & Isidro Soloaga (1998). “Endogenous Tariff formation: The case of
III. Multinational Corporations and FDI

Week 11: November 18, 2013
A. FDI & MNCs – Theory and Models

bridge University Press. Chapters 1 & 2. (Chapter 9 in Frieden, Lake & Broz).


Week 12: November 25, 2013

B. FDI and Politics

- Li, Quan (2009). “Democracy, Autocracy, and Expropriation of Foreign Direct Investment.”
Comparative Political Studies, Vol. 42, No. 8, pp. 1098–1127.


**Week 13: December 2, 2013 – Students’ presentations and discussion**

**Week 14: December 9, 2013 – Students’ presentations and discussion**

**Week 15: December 16, 2013 – Final Paper Due**