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## NEW BOOK: Cutting the Gordian Knot of Economic Reform

Blog editor

A new book [\*Cutting the Gordian Knot of Economic Reform\*](#) by Leonardo Baccini (of LSE International Relations Department) and Johannes Urpelainen (of Columbia University) is due to be published by Oxford University Press on 23 October 2014.

### Summary

Why do leaders of countries opt to join international institutions that constrain their freedom to enact domestic policy? In this book, Leonardo Baccini and Johannes Urpelainen address this enduring question of international relations by looking at liberal economic reforms.

During the past two decades, governments across the developing world have implemented many liberal economic reforms that reduce direct state intervention in different industries, for example, with regard to intellectual property rights and privatization, capital accounts, and investments. These reforms have changed the face of global business and overhauled the economies of dozens of developing countries. While failure to implement these reforms can have disastrous economic and political consequences, liberal economic reforms have also provoked intense political controversy domestically. Detractors campaign to depose national leaders who promote these reforms, making them a dangerous strategy for any developing country's leader. So what motivates some leaders to implement economic reforms while others continue to rely on state intervention? These choices have immense consequences for the livelihoods of billions of people around the world, but the drivers of economic reform remain poorly understood.

Baccini and Urpelainen argue that international institutions help to cut this Gordian knot by allowing leaders to credibly commit to liberal policies while also creating domestic political support for reform. The book takes a comparative look at developing countries that have engaged in treaties with the US and EU to develop a full theory of when and how leaders enter into international institutions to effect economic reform. The book employs a mixed-method approach combining quantitative analysis and four case studies.

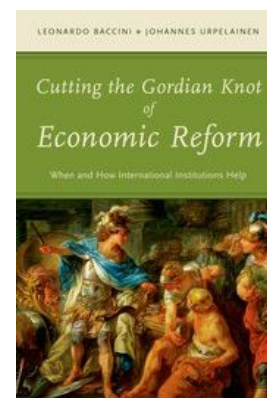
*Cutting the Gordian Knot of Economic Reform* is the first work to provide a theory on the design of international institutions, the circumstances that cause leaders to form international institutions, and the effects of international institutions on economic reform.

### Endorsements

"Every once in a long while a major puzzle in the study of politics and economics is solved. Baccini and Urpelainen have done just that in this important book. Through careful political-economy theorizing, clear quantitative analysis and penetrating, theoretically-sophisticated case analysis, they explain when international institutions effectively combine with domestic political conditions to promote economic reform and when they do not. They make a powerful and thoroughly convincing case for the advantages that preferential trade agreements with the United States or the European Union can have over multilateral arrangements or bilateral agreements with states such as China. They show clearly how international institutions can serve as credible commitment devices for leaders facing stiff domestic opposition to reform. Anyone interested in development must read this wonderful book."—Bruce Bueno de Mesquita, *Julius Silver Professor of Politics and Director, The Alexander Hamilton Center for Political Economy, New York University*

"Baccini and Urpelainen offer a compelling account of the causes and consequences of North-South trade agreements. By showing that these agreements have enabled comprehensive economic reforms beyond trade liberalization, the book offers an important and timely contribution to the study of international economic institutions. The book will be a key reference to scholars and students of international and comparative political economy."—Helen V. Milner, *B.C. Forbes Professor of Public and International Affairs, Princeton University*

"Baccini and Urpelainen marshal an impressive array of evidence to support a novel and surprising theory of the dynamics of economic reform. Preferential trading agreements are not merely steps towards incremental trade liberalization. Instead, PTAs are important levers of domestic reform, allowing leaders to do two things: make credible commitments that they otherwise could not and buy support from interests who would otherwise be implacably opposed."—Philip Keefer, *Development Research Group, The World Bank*





*Leonardo Baccini*

### **Bio**

Leonardo Baccini is Assistant Professor of International Political Economy at the London School of Economics and Political Science. His research interests are in the areas of *international political economy* and *comparative political economy* with a focus on trade, developing countries, and international organizations. Among other outlets, his research has been published in the *British Journal of Political Science*, *The Journal of Politics*, and *World Politics*.

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