

Brief Contents

Detailed Contents v

Preface xi

- Chapter 1** International Political Economy 1
- Chapter 2** The WTO and the World Trade System 17
- Chapter 3** The Political Economy of International Trade Cooperation 42
- Chapter 4** A Society-Centered Approach to the Politics of Trade 68
- Chapter 5** A State-Centered Approach to Trade Politics 91
- Chapter 6** Trade and Development I: Import Substitution Industrialization 111
- Chapter 7** Trade and Development II: Economic Reform 137
- Chapter 8** Multinational Corporations in the Global Economy 164
- Chapter 9** The Politics of Multinational Corporations 189
- Chapter 10** The International Monetary System 214
- Chapter 11** Contemporary International Monetary Arrangements 237
- Chapter 12** A Society-Centered Approach to Monetary and Exchange-Rate Policies 259
- Chapter 13** A State-Centered Approach to Monetary and Exchange-Rate Policies 283
- Chapter 14** Developing Countries and International Finance I: The Latin American Debt Crisis 307
- Chapter 15** Developing Countries and International Finance II: A Decade of Crises 334
- Chapter 16** Globalization: Consequences and Controversies 358

Glossary 385

References 397

Index 421

Detailed Contents

Preface xi

Chapter 1 International Political Economy 1

- What Is International Political Economy? 2
- Studying International Political Economy 7
 - Traditional Schools of International Political Economy 8
 - Interests and Institutions in International Political Economy 11
- The Organization of the Book 14
- Conclusion 15 Key Terms 16
- Suggestions for Further Reading 16

Chapter 2 The WTO and the World Trade System 17

- What Is the WTO? 18
- A Closer Look: The Doha Round* 21
- Power and Interests in the World Trade System 24
 - Hegemonic Power and the Creation of the Postwar Trade System 24
 - Hegemonic Decline and the World Trade System 27
- The Evolving WTO: New Directions, New Challenges 29
- Policy Analysis and Debate: Regulating Risk in the World Trade Organization* 31
- The Greatest Challenge? Regional Trade Arrangements and the WTO 35
- Conclusion 39 Key Terms 40 Web Links 40
- Suggestions for Further Reading 41

Chapter 3 The Political Economy of International Trade Cooperation 42

- The Economic Case for Trade 43
 - The Gains from Trade in Partial Equilibrium 44
 - The Gains from Trade in General Equilibrium 49
- The Politics of Trade Cooperation 55
- Policy Analysis and Debate: Fisheries Studies and the WTO* 59

The WTO and Trade Cooperation	60
Conclusion	65
Key Terms	66
Web Links	66
Suggestions for Further Reading	67

Chapter 4 A Society-Centered Approach to the Politics of Trade 68

Trade Policy Preferences	69
Factor Incomes and Class Conflict	70
<i>Policy Analysis and Debate: Trade Adjustment</i>	72
Sector Incomes and Industry Conflict	74
Organizing Interests: The Collective Action Problem and Trade Policy Demands	77
Political Institutions and Interests in American Trade Politics	79
<i>A Closer Look: Trade Politics in the European Union</i>	82
Conclusion	88
Key Terms	90
Web Links	90
Suggestions for Further Reading	90

Chapter 5 A State-Centered Approach to Trade Politics 91

States and Industrial Policy	92
The Infant-Industry Case for Protection	93
<i>A Closer Look: Criticism of the Infant Industry Case for Protection</i>	95
State Strength: The Political Foundation of Industrial Policy	97
Industrial Policy in High-Technology Industries	99
Strategic-Trade Theory	99
Strategic Rivalry in Semiconductors and Commercial Aircraft	103
<i>Policy Analysis and Debate: Government Support of High-Technology Industries</i>	105
Conclusion	108
Key Terms	110
Web Links	110
Suggestions for Further Reading	110

Chapter 6 Trade and Development I: Import Substitution Industrialization 111

Domestic Interests, International Pressures, and Protectionist Coalitions	112
The Structuralist Critique: Markets, Trade, and Economic Development	118
Market Imperfections in Developing Countries	118
Market Imperfections in the International Economy	120
Domestic and International Elements of Trade and Development Strategies	123
Import Substitution Industrialization	123
<i>A Closer Look: Import Substitution Industrialization in Brazil</i>	128
Reforming the International Trade System	130

<i>Policy Analysis and Debate: Intellectual Property and the WTO</i>	132
Conclusion	134
Key Terms	135
Web Links	136
Suggestions for Further Reading	136

Chapter 7 Trade and Development II: Economic Reform 137

Emerging Problems with Import Substitution Industrialization	138
The East Asian Model	141
Structural Adjustment and the Politics of Reform	149
<i>A Closer Look: Structural Adjustment in Mexico</i>	154
Developing Countries and the WTO	158
<i>Policy Analysis and Debate: Core Labor Standards and the WTO</i>	161
Conclusion	162
Key Terms	163
Web Links	163
Suggestions for Further Reading	163

Chapter 8 Multinational Corporations in the Global Economy 164

MNCs in the Global Economy	165
Economic Explanations for MNCs	174
Locational Advantages	175
Market Imperfections	177
Locational Advantages, Market Imperfections, and MNCs	180
MNCs and Host Countries	182
<i>A Closer Look: Singer Sewing Machines in Taiwan</i>	186
Conclusion	187
Key Terms	188
Web Links	188
Suggestions for Further Reading	188

Chapter 9 The Politics of Multinational Corporations 189

Regulating MNCs	190
Regulating MNCs in the Developing World	190
Regulating MNCs in the Advanced Industrialized World	194
Bargaining with MNCs	196
<i>A Closer Look: Luring the German Luxury Car Producers to the U.S. South</i>	200
The International Regulation of MNCs	202
<i>A Closer Look: Protecting Investment in NAFTA</i>	208
<i>Policy Analysis and Debate: The Race to the Bottom</i>	210
Conclusion	211
Key Terms	212
Web Links	213
Suggestions for Further Reading	213

Chapter 10 The International Monetary System 214

The Economics of Monetary Systems	215
Exchange-Rate Systems	215

The Balance of Payments	217
Balance-of-Payments Adjustment	219
The Rise and Fall of the Bretton Woods System	222
Creating the Bretton Woods System	223
Implementing Bretton Woods: From Dollar Shortage to Dollar Glut	226
<i>A Closer Look: Dollar Overhang and the Confidence Problem</i>	229
The End of Bretton Woods: Crises and Collapse	231
<i>Policy Analysis and Debate: Who Should Adjust?</i>	234
Conclusion	235
Key Terms	236
Web Links	236
Suggestions for Further Reading	236

Chapter 11 Contemporary International Monetary Arrangements 237

International Financial Integration	238
<i>A Closer Look: The Unholy Trinity</i>	241
Life Under Floating Exchange Rates	242
Managing Exchange Rates in a World of Mobile Capital	247
Exchange-Rate Cooperation in the European Union	247
Exchange-Rate Cooperation in the Group of 5	250
<i>Policy Analysis and Debate: The Dollar versus the Euro?</i>	251
Speculative Attacks and the Prospect for Exchange-Rate Reform	255
Conclusion	257
Key Terms	258
Web Links	258
Suggestions for Further Reading	258

Chapter 12 A Society-Centered Approach to Monetary and Exchange-Rate Policies 259

Electoral Politics, the Keynesian Revolution, and the Trade-off Between Domestic Autonomy and Exchange Rate Stability	260
Society-Based Models of Monetary and Exchange-Rate Politics	265
The Electoral Model of Monetary and Exchange-Rate Politics	266
<i>A Closer Look: Exchange-Rate Arrangements in the OECD</i>	267
The Partisan Model of Monetary and Exchange-Rate Politics	270
The Sectoral Model of Monetary and Exchange-Rate Politics	274
<i>Policy Analysis and Debate: A Strong Dollar or a Weak Dollar?</i>	278
Conclusion	280
Key Terms	281
Web Links	281
Suggestions for Further Reading	281

Chapter 13 A State-Centered Approach to Monetary and Exchange-Rate Policies 283

Monetary Policy and Unemployment 284

A Closer Look: The Natural Rate of Unemployment in the United States and the European Union 285

The Time-Consistency Problem 293

Commitment Mechanisms 295

Policy Analysis and Debate: Central-Bank Independence and Democracy 297

Independent Central Banks and Exchange Rates 302

Conclusion 305 Key Terms 305 Web Links 306

Suggestions for Further Reading 306

Chapter 14 Developing Countries and International Finance I: The Latin American Debt Crisis 307

Foreign Capital and Economic Development 308

Capital Flows in the Early Postwar Period 313

A Closer Look: The World Bank 314

Commercial Bank Lending and the Origins of the Latin American Debt Crisis 316

Managing the Debt Crisis 321

The Debt Regime 321

A Closer Look: The International Monetary Fund 323

The Sources of Bargaining Power 325

Policy Analysis and Debate: IMF Conditionality 326

The Domestic Politics of Economic Reform 329

Conclusion 332 Key Terms 332 Web Links 333

Suggestions for Further Reading 333

Chapter 15 Developing Countries and International Finance II: A Decade of Crises 334

The Asian Financial Crisis 335

Reforming the Crisis Management Regime 344

A Closer Look: Crisis in Argentina 345

Policy Analysis and Debate: Capital Controls 348

The Heavily Indebted Poor Countries 350

Conclusion 355 Key Terms 357 Web Links 357

Suggestions for Further Reading 357

Chapter 16 Globalization: Consequences and Controversies 358

The Globalizing World Economy 359

Globalization and Income: Rising Poverty, Widening Inequality? 364

Globalization and “Sweatshops” 368

Policy Analysis and Debate: Labor Standards in the WTO 373

Trade and the Environment 374

A Closer Look: Environmental Disputes in the WTO 378

Conclusion 381 Key Terms 382 Web Links 383

Suggestions for Further Reading 383

Glossary 385

References 397

Index 421