

PS 197B Seminar in International Political Economy Winter 1999

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Class Hours: M 2:00–4:50 Bunche Hall 2173
Office Hours: T 2:00–4:00 Bunche Hall 3284

Topics covered: Introduction to international trade theory; international competition and industrial policy; trade policy issues in developing and transition economies; globalization.

Prerequisites: PS 124 is recommended.

Reading materials: A coursepack of readings marked ★★ in this syllabus will be available for purchase.

In addition, you should purchase a textbook on international trade. Two good introductory texts are: Peter B. Kenen, *The International Economy*, Third Edition, Cambridge University Press, 1991; and Paul R. Krugman and Maurice Obstfeld, *International Economics*, Third Edition, Harper Collins, 1994.

The following are highly recommended: Robert Gilpin, *The Political Economy of International Relations*, Princeton University Press, 1987; Jeffrey A. Frieden and David A. Lake, editors, *International Political Economy*, Third Edition, St. Martin's Press, 1995.

Grading: Grading will be based on weekly summaries, class participation, and a term paper.

Course Outline:

- **January 11:**

- Introduction
- *Readings:*
 - ★★ *The Economist*, “A Survey of World Trade,” October 3rd, 1998.
 - ★★ Robert Gilpin, *The Political Economy of International Relations*, Princeton University Press, 1987, p. 3–24.

- **January 18:**

- **No Class**

- **January 25:**

- International trade theory: Sources of comparative advantage
- *Readings:*
 - ★★ Paul R. Krugman and Maurice Obstfeld, *International Economics*, Harper Collins, 1994, Chapter 2, p. 13–37.

- ★★ Paul R. Krugman and Maurice Obstfeld, *International Economics*, Harper Collins, 1994, Chapter 3, p. 39–66.
- ★★ Jeffrey A. Frieden, “Invested Interests: The Politics of National Economic Policies in a World of Global Finance,” *International Organization*, Volume 45:4, Autumn 1991, p. 425–451.

- **February 1:**

- International trade theory: Factor proportions model of trade
- *Readings:*
 - ★★ Paul R. Krugman and Maurice Obstfeld, *International Economics*, Harper Collins, 1994, Chapter 4, p. 67–92.
 - ★★ Ronald Rogowski, “Political Cleavages and Changing Exposure to Trade,” *American Political Science Review*, Volume 81:4, December 1987, p. 1121–1137.

- **February 8:**

- Increasing returns, imperfect competition, and international trade
- *Readings:*
 - ★★ Paul R. Krugman and Maurice Obstfeld, *International Economics*, Harper Collins, 1994, Chapter 6, p. 121–158.
 - ★★ Laura D’Andrea Tyson, *Who’s Bashing Whom*, Institute of International Economics, 1993, Chapter 2, p. 17–52.
- International competition and industrial policy
- *Readings:*
 - ★★ Paul R. Krugman and Maurice Obstfeld, *International Economics*, Harper Collins, 1994, Chapter 11, p. 275–297.
 - ★★ Laura D’Andrea Tyson, “Managed Trade: Making the Best of the Second Best,” in Robert Z. Lawrence et al, editors, *An American Trade Strategy: Options for the 1990s*, Brookings Institution, 1990, p. 142–194.
 - ★★ Paul R. Krugman, “Competitiveness: A Dangerous Obsession,” *Foreign Affairs*, March/April 1994, p. 28–44.; Responses by Clyde V. Prestowitz, Jr, Lester C. Thurow, Rudolf Scharping, and Stephen S. Cohen.

- **February 15:**

- **No Class**

- **February 22:**

- Trade policy issues in developing and transition economies

- *Readings:*

- ★★ Paul R. Krugman and Maurice Obstfeld, *International Economics*, Harper Collins, 1994, Chapter 10, p. 253–273.
 - ★★ Paul R. Krugman and Maurice Obstfeld, *International Economics*, Harper Collins, 1994, Chapter 23, p. 719–738.
 - ★★ Paul Krugman, “The Myth of Asia’s Miracle,” *Foreign Affairs*, November/December 1994.
 - ★★ S. Fischer, R. Sahay, and C.A. Vegh, “Stabilization and Growth in Transition Economies — The Early Experience,” *Journal of Economic Perspectives*, Volume 10:2, Spring 1996, p. 45–66.

- **March 1:**

- Globalization: Trends

- *Readings:*

- ★★ Alan Tonelson, “Globalization: The Great American Non-Debate,” *Current History*, Volume 96:613, November 1997, p. 353–359.
 - ★★ James N. Rosenau, “The Complexities and Contradictions of Globalization,” *Current History*, Volume 96:613, November 1997, p. 360–364.
 - ★★ Robert Gilpin, “Multinational Corporations and International Production,” in *The Political Economy of International Relations*, Princeton University Press, 1987, Chapter 6, p. 231–262.
 - ★★ Susan Strange, “States, Firms and Diplomacy,” *International Affairs*, Volume 68(1), 1992, p. 1–15.
 - ★★ Lin Y.C. Lim and Nathaniel S. Siddall, “Investment Dynamism in Asian Developing Countries,” in John H. Dunning and Khalil A. Hamdani, editors, *The New Globalism and Developing Countries*, United Nations University Press, New York, 1997.
 - ★★ Daniel Chudnovsky, “Beyond Macroeconomic Stability in Latin America,” in John H. Dunning and Khalil A. Hamdani, editors, *The New Globalism and Developing Countries*, United Nations University Press, New York, 1997.
 - ★★ John Cantwell, “Globalization and Development in Africa,” in John H. Dunning and Khalil A. Hamdani, editors, *The New Globalism and Developing Countries*, United Nations University Press, New York, 1997.

- **March 8:**

- Globalization: Implications I

- *Readings:*

- ★★ Dani Rodrik, “Sense and Nonsense in the Globalization Debate,” *Foreign Policy*, Number 107, Summer 1997, p. 19–37.

- ★★ Gary Burtless, “International Trade and the Rise in Earnings Inequality,” *Journal of Economic Literature*, Volume 33, June 1995, p. 800–816.
- ★★ Richard B. Freeman, “Are Your Wages Set in Beijing?,” *The Journal of Economic Perspectives*, Summer 1995, Volume 9(3), p. 15–32.
- ★★ J. David Richardson, “Income Inequality and Trade: How to Think, What to Conclude,” *Journal of Economic Perspectives*, Volume 9(3), Summer 1995, p. 33–55.
- ★★ Adrian Wood, “How Trade Hurt Unskilled Workers,” *Journal of Economic Perspectives*, Volume 9(3), Summer 1995, p. 57–80.

• **March 15**

– Globalization: Implications II

– *Readings:*

- ★★ Dani Rodrik, “Symposium on Globalization in Perspective: An Introduction,” *Journal of Economic Perspectives*, Volume 12:4, Fall 1998, p. 3–8.
- ★★ Maurice Obstfeld, “The Global Capital Market: Benefactor or Menace?,” *Journal of Economic Perspectives*, Volume 12:4, Fall 1998, p. 9–30.
- ★★ Robert C. Feenstra, “Integration of Trade and Disintegration of Production in the Global Economy,” *Journal of Economic Perspectives*, Volume 12:4, Fall 1998, p. 31–50.
- ★★ Jeffrey G. Williamson, “Globalization, Labor Markets and Policy Backlash in the Past,” *Journal of Economic Perspectives*, Volume 12:4, Fall 1998, p. 51–72.
- ★★ Michael E. Porter, “The Competitive Advantage of Nations,” *Harvard Business Review*, March–April, 1990, p. 73–93.
- ★★ Robert Boyer, “The Convergence Hypothesis Revisited: Globalization but Still the Century of Nations?,” in Suzanne Berger and Ronald Dore, editors, *National Diversity and Global Capitalism*, Cornell University Press, 1996.
- ★★ Robert Wade, “Globalization and Its Limits: Reports of the Death of the National Economy are Greatly Exaggerated,” in Suzanne Berger and Ronald Dore, editors, *National Diversity and Global Capitalism*, Cornell University Press, 1996.

• **March 26:**

– **Term paper due**