

# DETAILED CONTENTS

Preface ix

## 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* 13

The Global Economy in Historical Context 15

## CHAPTER 2

### The World Trade Organization and the World Trade System 21

What Is the World Trade Organization? 22

Hegemons, Public Goods, and the World Trade System 28

The Evolving World Trade Organization: New Directions, New Challenges 32

The Greatest Challenge? Regional Trade Arrangements and the World Trade Organization 36

## CHAPTER 3

### The Political Economy of International Trade Cooperation 45

The Economic Case for Trade 46

Trade Bargaining 53

Enforcing Agreements 58

## CHAPTER 4

### A Society-Centered Approach to Trade Politics 69

Trade Policy Preferences 70

*Factor Incomes and Class Conflict* 70

*Sector Incomes and Industry Conflict* 73

Organizing Interests: The Collective Action Problem and Trade Policy Demands 79

Political Institutions and the Supply of Trade Policy 81

## **CHAPTER 5**

### **A State-Centered Approach to Trade Politics 89**

States and Industrial Policy 90

*The Infant-Industry Case for Protection* 91

State Strength: The Political Foundation of Industrial Policy 95

Industrial Policy in High-Technology Industries 99

*Strategic-Trade Theory* 100

Strategic Rivalry in Semiconductors and Commercial Aircraft 103

## **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 121

*Import Substitution Industrialization* 121

*Reforming the International Trade System* 128

## **CHAPTER 7**

### **Trade and Development II: Economic Reform 133**

Emerging Problems with Import Substitution Industrialization 134

The East Asian Model 137

Structural Adjustment and the Politics of Reform 145

Developing Countries and the World Trade Organization 154

## **CHAPTER 8**

### **Multinational Corporations in the Global Economy 158**

Multinational Corporations in the Global Economy 159

Economic Explanations for Multinational Corporations 165

*Locational Advantages* 165

*Market Imperfections* 168

*Locational Advantages, Market Imperfections, and Multinational Corporations* 171

*Multinational Corporations and Host Countries* 173

## **CHAPTER 9**

### **The Politics of Multinational Corporations 180**

Regulating Multinational Corporations 181

*Regulating Multinational Corporations in the Developing World* 181

*Regulating Multinational Corporations in the Advanced Industrialized Countries* 185

*Bargaining with Multinational Corporations* 188

The International Regulation of Multinational Corporations 194

## **CHAPTER 10**

### **The International Monetary System 202**

The Economics of the International Monetary System 203

*Exchange-Rate Systems* 203

*The Balance of Payments* 205

*Balance-of-Payments Adjustment* 208

The Rise and Fall of the Bretton Woods System 212

*Creating the Bretton Woods System* 212

*Implementing Bretton Woods: From Dollar Shortage to Dollar Glut* 215

*The End of Bretton Woods: Crises and Collapse* 219

## **CHAPTER 11**

### **Cooperation, Conflict, and Crisis in the Contemporary International Monetary System 225**

From the Plaza to the Louvre: Conflict and Cooperation during the 1980s 226

Global Imbalances and the Great Financial Crisis of 2007–2009 234

Exchange-Rate Cooperation in the European Union 241

## **CHAPTER 12**

### **A Society-Centered Approach to Monetary and Exchange-Rate Policies 249**

Electoral Politics, the Keynesian Revolution, and the Trade-Off between Domestic Autonomy and Exchange-Rate Stability 250

Society-Based Models of Monetary and Exchange-Rate Politics 255

*The Electoral Model of Monetary and Exchange-Rate Politics* 257

*The Partisan Model of Monetary and Exchange-Rate Politics* 260

*The Sectoral Model of Monetary and Exchange-Rate Politics* 264

## **CHAPTER 13**

### **A State-Centered Approach to Monetary and Exchange-Rate Policies 273**

Monetary Policy and Unemployment 274

The Time-Consistency Problem 281

Commitment Mechanisms 283

Independent Central Banks and Exchange Rates 293

## **CHAPTER 14**

### **Developing Countries and International Finance I: The Latin American Debt Crisis 298**

Foreign Capital and Economic Development 299

Commercial Bank Lending and the Latin American Debt Crisis 304

Managing the Debt Crisis 309

The Domestic Politics of Economic Reform 317

## **CHAPTER 15**

### **Developing Countries and International Finance II: A Decade of Crises 323**

The Asian Financial Crisis 324

Bretton Woods II 332

The Heavily Indebted Poor Countries 338

## **CHAPTER 16**

### **Globalization: Consequences and Controversies 346**

Globalization and Global Poverty 347

Globalization and "Sweatshops" 351

Trade and the Environment 358

Glossary 370

References 388

Index 401