

GLOBALIZATION, GOVERNANCE AND DEVELOPMENT SPRING 2008

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This class will focus on issues of economic development and the role of international institutions in a globalized economy. In particular, we will look at how the rise of multi-level governance affects economic development in those countries which are least able to take advantage of the opportunities presented by liberalization. This class explores the relationship between globalization and development in three stages. The first section tries to understand the reasons for the rise and diffusion of globalization and liberal trade policies. The second section of the course takes a closer look at how governance of this new system has affected the ability of developing countries to pursue independent industrialization strategies. And finally, the third section of the course characterizes the social consequences of globalization in terms of the distribution of power among actors, and the rise of new actors and issues.

Course Objectives

The aim of this course is to provide students with an overview of the issues facing the developing countries in the WTO-era global economy. The material is intended to enable students to understand the dynamics of the existing debates about globalization and development. Students should come away with the ability to thoughtfully discuss and debate the major political economy issues in the globalization debate.

Course Materials

There are no required books or course packet. All readings will be posted on the blackboard website for this course.

Requirements

The final grade will be based on 2 exams, a final paper and class participation. The mid-term exam will be worth 25% of the grade and the final exam will account for an additional 30%. The final paper will be worth 35% and participation and evidence of preparation of the readings will be worth the remaining 10%. There may be occasional written assignments. If used, these will count towards the participation portion of the final grade.

A. WHAT IS GLOBALIZATION?

Kaplinsky (2001) "Is Globalization All It Is Cracked Up to Be?" *Review of International Political Economy* 8(1).

Keohane and Nye (2000) "Globalization: What's New? What's Not? (And So What?)" *Foreign Policy*, Vol. 118(1).

Rosenberg (2000) "The Free Trade Fix," *The New York Times Magazine*. 18 August.

Rodrik (1997) Chapter 1 in Has Globalization Gone too Far? Institute of International Economics.

B. MULTI-LEVEL GOVERNANCE

Murphy (2000) "Global Governance: Poorly Done, and Poorly Understood," *International Affairs*, Vol. 76(4).

Krahmann (2003) "National, Regional, and Global Governance: One Phenomenon or Many?" *Global Governance*, Vol. 9(3).

Weiss (2000) "Governance, Good Governance and Global Governance: Conceptual and Actual Challenges," *Third World Quarterly*, Vol. 21(5).

□□ CREATING A GLOBAL ECONOMY □□**A. THEORIES OF ECONOMIC DEVELOPMENT**

Bhardan (1993) "Economics of Development and the Development of Economics," *Journal of Economic Perspectives*, Vol. 7(2).

Gershenkron (1962), Economic Backwardness in Historical Perspective.

Lewis (1963) "Economic Development with Unlimited Supplies of Labour," in Agarwala and Singh (eds), The Economics of Underdevelopment.

Wade (1990) "States, Markets and Industrial Policy," Chapter 1 in Wade, Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization.

B. DIFFERENT PATHS TO DEVELOPMENT

Amsden (2001) "Industrializing Late," Chapter 1 in Amsden, The Rise of "The Rest" Challenges to the West from Later Industrializing Economies.

Krueger (1990) "Government Failures in Development," *Journal of Economic Perspectives*, Vol. 4(3).

Chang (2007) "Kicking Away the Ladder: Good Policies and Good Institutions in Historical Perspective," Chapter 6 in Gallagher (ed) Putting Development First: The Importance of Policy Space in the WTO and International Financial Institutions.

Pritchett (1997) "Divergence. Big Time," *Journal of Economic Perspectives*. Vol.11(3).

3. DO INSTITUTIONS MATTER?

(02/6) (02/8)

A. INSTITUTIONAL FORMATION AND CHANGE

Clague, Keefer, Knack and Olson (1997) "Institutions and Economic Performance: Property Rights and Contract Enforcement," in Clague (ed) Institutions and Economic Development.

North (1994) "Economic Performance Through Time," *American Economic Review*, Vol. 84(3).

Slaughter (2003), "Leading through Law" *Wilson Quarterly*.

Grief and Laitin (2004), "A Theory of Endogenous Institutional Change," *American Political Science Review*, Vol. 98(4).

B. INSTITUTIONS AND DEVELOPMENT

Acemoglu, Johnson, and Robinson (2002) "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution." *Quarterly Journal of Economics* Vol. 117(4).

Rodrik (2002) "Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development," *Harvard Center for International Development*.

Glaeser, La Porta, Lopez-de-Silanes, and Shleifer (2004), "Do Institutions Cause Growth?" *NBER Working Paper No. 10568*.

4. MULTI-NATIONAL CORPORATIONS

(02/13) (02/15)

A. FIRMS AND ECONOMIC DEVELOPMENT

Rodriguez-Clare (1996). "Multinationals, Linkages, and Economic Development," *American Economic Review*. Vol. 86(4).

Bhagwati (2007) "Why Multinationals Help Reduce Poverty," *World Economy*, Vol. 30(2).

Kokko and Blomstrom (1995), "Policies to Encourage Inflows of Technology Through Foreign Multinationals," *World Development*, Vol. 23(3).

Wolf (2004) "Cowed by Corporations," Chapter 11 in Wolf, Why Globalization Works.

B. DOES OWNERSHIP MATTER?

Javorcik, Saggi, and Spatereaneu (2004) "Does It Matter Where You Come From? Vertical Spillovers from FDI and Investor Nationality," *World Bank*.

Agosin and Mayer (2000) "Foreign Investment in Developing Countries: Does it Crowd Domestic Investment?" *UNCTAD*

Amsden and Tschang (2001) "Do Foreign Companies Conduct R&D in Developing Countries?" *ADB Institute*.

5. TRADE LIBERALIZATION

(02/20) (02/22)

A. THE ROLE OF OPEN MARKETS IN ECONOMIC DEVELOPMENT

Frankel and Romer (1999) "Does Trade Cause Growth?" *American Economic Review*, Vol.89(3).

Stiglitz (2002) "Freedom to Choose?" Chapter 3 in Stiglitz, Globalization and Its Discontents

Dornbusch (1992) "The Case for Trade Liberalization in Developing Countries" *Journal of Economic Perspectives*, Vol. 6(1).

B. DOES TIMING MATTER?

Hausmann and Rodrik (2003) "Economic Development as Self-Discovery," *Journal of Development Economics*, Vol. 72(2).

Maggi (1996) "Strategic Trade Policies with Endogenous Mode of Competition," *American Economic Review*, Vol. 48.

Moran (1992) "Strategic Trade Theory and the Use of Performance Requirements to Negotiate with Multinational Corporations in the Third World," *The International Trade Journal*, Vol. 7(1).

6. FINANCIAL LIBERALIZATION

(02/27) (02/29)

A. GLOBAL CAPITAL FLOWS AND DEVELOPMENT

Wolf (2005) Fearful of Finance, Chapter 13 in Wolf, Why Globalization Works.

Lipsey and Sjöholm (2005) "The Impact of Inward FDI on Host Countries: Why Such Different Answers?" Chapter 2 in Moran, Graham and Blomstrom (eds) Does Foreign Direct Investment Promote Development?

Frieden (1991), "Invested Interests: The Politics of National Economic Policies in a World of Global Finance," *International Organization*, Vol. 45.

Wyplosz (2001) How Risky is Financial Liberalization in the Developing Countries? *CEPR Working Paper*.

B. FINANCIAL CRISES

Jackson (1999) "Roots of the Crisis," Chapter 1 in Jackson (ed) Asian Contagion.

Diaz-Alejandro (1985) "Good-Bye Financial Repression, Hello Financial Crash," *Journal of Development Economics*, Vol. 19(1-2).

Bordo, Eichengreen, Klingebiel and Martinez-Peria, (2001) "Is the Crisis Problem Growing More Severe?" *Economic Policy*, Vol. 32.

Edwards (1999) "How Effective are Capital Controls?" *Journal of Economic Perspectives*, Vol. 13.

7. REGIONALISM AND THE GOVERNANCE OF TRADE

(03/05) (03/07)

A. PREFERENTIAL TRADE AND DEVELOPMENT

Cline (2004) "Arrangements for Preferential Access: Experience and Potential," chapter 2 in Cline, Trade Policy and Global Poverty.

Hinkle, Hoppe and Newfarmer (2005) "Beyond Cotonou: Economic Partnership Agreements in Africa," in Newfarmer (ed) Trade, Doha, and Development: A Window into the Issues.

Crawford and Fiorentino (2005) "The Changing Landscape of Regional Trade Agreements," *WTO Discussion Paper No. 8*.

Levy (1997) "Political Economy Analysis of Free-Trade Agreements," *American Economic Review*, Vol. 87(4).

B. STUMBLING BLOCK OR STEPPING STONE?

Lamy (2002) "Stepping Stones or Stumbling Blocs: The EU's Approach Towards the Problem of Multilateralism vs. Regionalism in Trade Policy," *World Economy*, Vol. 25(10).

WTO (2005), "Regionalism – Friends or Foes?" in Understanding the WTO.

Crawford and Laird (2000) "Regional Trade Agreements and the WTO," *CREDIT Research Paper No. 00/3*.

Zharnt (2005) "Regionalism can be a Pillar of a More Effective World Trade Organization," *Journal of World Trade*, Vol. 39(4).

8. POLICY SPACE AND INDUSTRIALIZATION

(03/12) (03/14)

A. GLOBALIZATION'S LIMITS ON POLICY SPACE

DiCaprio and Gallagher (2006) "The WTO and the Shrinking of Development Space: How Big is the Bite?" *Journal of World Investment and Trade*.

Amsden (2000) "Industrialization Under New WTO Law," UNCTAD conference paper.

Shadlen (2005) "Exchanging Development for Market Access? Deep Integration and Industrial Policy under Multilateral and Regional-Bilateral Trade Agreements," *Review of International Political Economy*, Vol. 12(5).

B. HOW DID THIS HAPPEN AND IS S&D TREATMENT ENOUGH?

Ostry (2000) "The Uruguay Round North-South Grand Bargain: Implications for Future Negotiations," *Political Economy of International Trade Law*, Vol. 28.

Weiss (2005) "Global Governance, National Strategies: How Industrialized States Make Room to Move Under the WTO," *Review of International Political Economy*, Vol. 12(5).

Hoekman (2005) "Operationalizing the Concept of Policy Space in the WTO: Beyond Special and Differential Treatment," *World Bank*.

Michalopolous (2000), "The Role of Special and Differential Treatment for Developing Countries in GATT and the WTO," *World Bank Policy Research Working Paper No. 2388*.

9. WTO AND THE DOHA DEVELOPMENT ROUND

(03/19) (03/21)

A. PROBLEMS OF PARTICIPATION

Tussie and Lengyel (2002) "Developing Countries: Turning Participation into Influence," Chapter 47 in Hoekman et al (eds) Development and the WTO: A Handbook.

Hoekman (2005) "Making the WTO More Supportive of Development," *Finance and Development*, Vol. 42(1).

Finger and Winters (1998) "What Can the WTO Do for Developing Countries?" Chapter 14 in Krueger (ed). The WTO as an International Organization.

Shaffer (2005), "Can WTO Technical Assistance and Capacity-Building Serve Developing Countries?" *Wisconsin Journal of International Law*, Vol. 23.

B. THE DOHA DEVELOPMENT ROUND

Polaski (2006) “Winners and Losers: The Impact of the Doha Round on Developing Countries,” *Carnegie Working Paper*.

Ackerman (2005) “The Shrinking Gains from Trade: A Critical Assessment of the Doha Round Projections,” *GDAE Working Paper*.

Collier (2006) “Why the WTO is Deadlocked: And What Can Be Done About It,” *World Economy*, Vol. 29(10).

Kinnman and Lodefalk (2007) “What is at Stake in the Doha Round?” *World Economy*, Vol. 30(8).

10. DISTORTED TRADE IN AGRICULTURE AND TEXTILES

(03/26) (03/28)

A. AGRICULTURE: THE PROBLEM OF SUBSIDIES

LaVina, Fransen, Faeth and Kurauchi (2006) “Reforming Agricultural Subsidies,” *WRI White Paper*.

Congressional Budget Office (2005) “Policies that Distort World Agricultural Trade: Prevalence and Magnitude,” *CBO Paper*.

Elliott (2006) “Prospects for Reform: Lessons from US and European Experience,” Chapter 3 in Elliott, Delivering on Doha: Farm Trade and the Poor.

Wainio, Shapouri, Trueblood and Gibson (2005) “Agricultural Trade Preferences and the Developing Countries,” *Economic Research Service (USDA) No. 6*.

B. TEXTILES LIBERALIZATION: THE PROBLEM OF QUOTAS

Naumann (2006) “The Multifibre Agreement-WTO Agreement on Textiles and Clothing,” *TRALAC Working Paper No. 4/2006*.

Audet (2007) “Smooth As Silk? A First Look at the Post MFA Textiles and Clothing Landscape,” *Journal of International Economic Law*, Vol. 10(2).

OECD (2004) “A New World Map in Textiles and Clothing,” *OECD Policy Brief*.

11. TECHNOLOGY TRANSFER AND INTELLECTUAL PROPERTY RIGHTS

(04/02) (04/04)

A. INTELLECTUAL PROPERTY PROTECTION

Saggi (2002) “International Technology Transfer and Economic Development,” Chapter 34 in Hoekman et al (eds) Development Trade and the WTO: A Handbook.

Hoekman, Maskus, and Saggi (2005) "Transfer of Technology to Developing Countries: Unilateral and Multilateral Policy Options," *World Development*, Vol. 33(10).

Grossman (2000) "Inventors and Pirates: Creative Activity and Intellectual Property Rights," *NBER Working Paper No. 7898*.

Gonzalez and Pazo (2005) "Barriers to Innovation and Subsidy Effectiveness," *RAND Journal of Economics*, Vol. 36(4).

B. LIMITATIONS OF IPR PROTECTION: THE PUBLIC HEALTH ISSUE

Correa (2002) "Implications of the Doha Declaration on the TRIPS Agreement and Public Health," *World Health Organization*.

Oh (2006) "Compulsory Licenses: Recent Experiences in Developing Countries," *International Journal of Intellectual Property Management*, Vol. 1(1/2).

Shadlen (2007) "Intellectual Property, Trade and Development: Can Foes be Friends?" *Global Governance*, Vol. 13.

□□ CONSEQUENCES OF GLOBALIZATION □□

12. DEMOCRACY AND THE ROLE OF THE STATE

(04/09) (04/11)

A. DOES THE STATE STILL MATTER?

Grossman and Helpman (1994) "Protection for Sale." *American Economic Review* Vol.84.

Abbott and Snidal (1998) "Why States Act Through Formal International Organizations" *Journal of Conflict Resolution* 42(1).

Brown and Stern (2006) "Global Market Integration and National Sovereignty," *World Economy*, Vol. 29(3).

Kohli (2004) "Understanding States and State Intervention in the Periphery," in Kohli, State-Directed Development: Political Power and Industrialization in the Global Periphery.

B. DEMOCRACY AND DEVELOPMENT: WHICH CAUSES WHAT?

Easterly and Levine (1997) "Africa's Growth Tragedy: Policies and Ethnic Divisions," *Quarterly Journal of Economics*, Vol.112(4).

Wolf (2005) "Sad About the State," Chapter 12 in Wolf, *Why Globalization Works*. (says state is unnecessary)

Haggard (1997) “Democratic Institutions, Economic Policy and Development,” Chapter 6 in Clague (ed) Institutions and Economic Growth.

Kohli (2004) “India’s Fragmented-Multiclass State and Protected Industrialization,” Chapter 7 in Kohli, State-Directed Development: Political Power and Industrialization in the Global Periphery.

13. LABOR STANDARDS**(04/16) (04/18)**

A. LEVELS OF GOVERNANCE

Eliot and Freeman (2004) “Globalization vs. Labor Standards?” *Institute for International Economics*.

Burgoon (2004) “The Rise and Stall of Labor Linkage in Globalization Politics,” *International Politics*, Vol. 41(2).

Polaski (2004) “Protecting Labor Rights Through Trade Agreements: An Analytical Guide,” *Journal of International Law and Policy*.

Maskus (1997) “Should Core Labor Standards be Imposed Through International Trade Policy?” *World Bank Working Paper No. 1817*.

Boiral (2003) “The Certification of Corporate Conduct: Issues and Prospects,” *International Labor Review*, Vol. 142.

B. IS THERE A RACE TO THE BOTTOM?

Brown (2001) “Labor Standards: Where Do They Belong on the International Agenda,” *Journal of Economic Perspectives*, Vol. 15(3).

Spar (1998) “The Spotlight and the Bottom Line: How Multinationals Export Human Rights,” *Foreign Affairs*.

Hafner-Burton (2005) “Trading Human Rights: How Preferential Trade Agreements Influence Government Repression,” *International Organization*, Vol. 59.

Singh and Zammit (2004) “Labour Standards and the Race to the Bottom: Rethinking Globalization and Labor Rights from Developmental and Solidaristic Perspectives,” *Oxford Review of Economic Policy*, Vol. 20(1).

Collingsworth (2002) “The Key Human Rights Challenge is Developing Enforcement Mechanisms,” *Harvard Human Rights Journal*, Vol. 15.

14. POVERTY, INEQUALITY AND CIVIL SOCIETY**(04/23) (04/25)**

A. HOW DOES GLOBALIZATION AFFECT POVERTY?

Cline (2004) "Industrial Country Protection and the Impact of Trade Liberalization on Global Poverty," Chapter 3 in Cline, Trade Policy and Global Poverty.

Dollar and Kray (2001) "Trade, Growth, and Poverty," *World Bank Working Paper No. 2615*.

Sutcliffe (2004) "World Inequality and Globalization," *Oxford Review of Economic Policy* 20(1).

Kapstein (2000) "Winners and Losers in the Global Economy," *International Organization*, Vol. 54.

Wade (2004) "Is Globalization Reducing Poverty and Inequality?" *World Development* Vol. 32(4).

B. SOCIAL MOVEMENTS AND CIVIL SOCIETY

Narayan (1997) "Focus on People's Participation," Chapter 9 in Clague (ed) Institutions and Economic Growth.

Lipschutz (1992) "Reconstructing World Politics: The Emergence of a Global Civil Society." *Millennium*, Vol. 21.

Keck, and Sikkink (1998) Activists Beyond Borders: Advocacy Networks in International Politics.

O'Brien, Scholte, Goetz and Williams (2000), Contesting Global Governance: Multilateral Economic Institutions and Global Social Movements.

15. RISE OF CHINA AND INDIA

(04/30) (05/02)

A. INDIA AND CHINA IN THE GLOBAL ECONOMY

Tong (2006) "The Development of China and World Trade," *Journal of World Trade*, Vol. 40(1).

Kochhar and Kumara (2006) "India's Pattern of Development: What Happened, What Follows?" *Journal of Monetary Economics*, Vol. 53(5).

B. OUTSOURCING AND THE RISE OF SERVICES TRADE

Bhagwati et al (2004) "The Muddles over Outsourcing," *Journal of Economic Perspectives*, Vol. 18(4).

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