

Political Science 561: The International Political Economy

TAKE-HOME EXAMINATION III (15%) Due at the beginning of class on 26 March 2018

- I expect, and will grade accordingly, that you will comply with the following:
- 1) Essays will be single-spaced with normal default spacing, 1" margins, and of required length or the handwritten equivalent. You will use a font with a size of 11 or 12 and a face such as Times New Roman or the equivalent. Examples of faces you will not use are `courier new` and `OCR`. *Failure to use an appropriate font can cost a 0.5 cut on each essay. Excessively short essays can cost a 0.5 cut for each such essay.*
 - 2) If the requirement is for a "short essay," such an essay will closer in length to a ½ page than not.
 - 3) Each essay will begin with a topic sentence or a thesis statement. *Failure to do this will cost 0.25 each essay.*
 - 4) Remember the need to give credit where credit is due. Look again at the syllabus section on citing sources and plagiarism. When you draw from a reading or another source, credit the reading or source with a note in the form – (Bressler, p. 180). *If I find generally inadequate sourcing, I will assign a cut of up to full grade. If there is inadequate sourcing in an essay, I will assign a cut of 0.5 to that essay.*
 - 5) You may collaborate, in accordance with the syllabus, on essays marked with a ♦. **In this exam, these are the tasks at 2, 12, & 18.** For all other tasks, you may not collaborate. You may, however, use another student's class notes (not exam notes), but this must be done without reference to a specific question. In other words, you cannot just say something like: "Let me see your notes pertaining to question 32." If you collaborate on a marked question or use material gained from another student, credit that student with a footnote in the form – (Sarah Smith).
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THE DEVELOPED WORLD'S INTERNATIONAL POLITICAL ECONOMY

WED 28 FEB

Topic: What is the composition of trade?

WTO, 2011 - Composition of trade, Table IV.2, Section 2.2.1 (definition of commercial services in the balance of payments) & Table IV.3

1. (3) **In a short essay**, *describe* the primary elements of the composition of trade.

Topic: The World Trade System

Cohn, Chapter 8, "Global Trade Relations," pp.215-234

2. ♦(3) Recognizing the standard answer for why trade exists, what comparative advantage tells us, and that those theoretical statements are supported empirically, **in a short essay**, *explain* why trade can be a basis for conflict rather than cooperation and why according to

Ingram international trade cooperation is difficult to maintain.

Wikipedia, “World Trade Organization,” sections 1-7.1

3. (5) **In a 3/4-page essay**, *describe* how the WTO operates – functions, organizational structure, decision-making, dispute settlement, and accession.
4. (5) **In a 3/4-page essay**, *describe* the principles of the trading system/global trade regime. See also Baldwin below, pp. 97-98.
5. (3) **In a short essay**, *describe* how the WTO helps states overcome some of the difficulties related to international trade cooperation. See Diehl and Hurd tasks 42 and 43, Exam II

Journal of Economic Perspectives, Baldwin, “The WTO and the Future of Multilateralism,” Winter 2016, pp. 111-114

6. (3) **In a short essay**, *describe* the concern about trade creation/diversion.
7. (4) **In a ½ -page essay**, *describe* Baldwin’s view of the future of the WTO and multilateralism.

MON 5 MAR

Topic: The Relationship between Trade and Economic Growth

Afonso, “The Impact of International Trade on Economic Growth,” 2001, last paragraph

8. (1) What does Afonso use to valid his view of the effect of foreign trade on economic growth?

Topic: Linkages between Domestic and International Politics

My website: from Hiscox, “The Domestic Sources of Foreign Economic Policies,” Ravenhill, *Global Political Economy*

Hiscox discusses how domestic affairs and interests affect the foreign economic policies of states. On page 121 he states “There is really no such thing as the ‘national interest’ when it comes to foreign economic policy – or rather, there is no single national interest; there are many.”

9. (4) *Select one of the following topics*, as developed by Hiscox (trade, immigration, investment, exchange rates) and *explain*, **in a ½-page essay**, what he means by no single national interest.
10. (1.5) **In a paragraph**, *explain* why producers may be more influential than consumers in determining a state’s foreign trade policy.
11. (1.5) **In a paragraph**, *describe* how the two-level game theory can affect a state’s international negotiations.

Cohn, Chapter 4, “The Liberal Perspective,” pp. 90-92

Topic: Current U.S. Trade Policy

My website: *Foreign Affairs*, Irwin, “The Truth About Trade: What Critics Get Wrong About the Global Economy,” July/August 2016.

12. ♦(5) **In a 3/4-page essay**, *describe* Irwin’s view regarding the U.S. and international trade.
13. (3) **In a short essay**, *describe* what Naeder believes is a critical shortfall in U.S. trade policies.

- My website: *Nikkei Asia Review*, “Trump Readies Full Trade Arsenal,” 5 January 2018
14. (4) **In a ½-page essay**, describe the concerns about potential U.S. trade policies, as presented in this article.

WED 7 MAR

Topic: Global Production (I)

Sub-topic: MNCs

Wikipedia, “Multinational Corporation,” overview

The Economist, “World Beater, Inc.,” 9 Jan 2018

Cohn, Chapter 10, “Multinational Corporations and Global Production,” pp. 293-296, 307-315

15. (4) **In a ½ -page essay**, describe multinational corporations.
16. (1) How does direct foreign investment (FDI) differ from portfolio investment?
17. (3) **In a short essay**, describe the relationship between an MNC and FDI.
18. ♦ (5) **In a 3/4-page essay**, describe the issues between MNCs and host and home countries.

Congressional Research Service, “U.S. Direct Investment Abroad: Trends and Current Issues,” 11 December 2013, section on recent investment.

19. (0.5) What has been the traditional U.S. approach to international investment?
20. (1) What is being shown in figure 1?

10-18 MAR SPRING BREAK

MON 19 MAR

Topic: Global Production (II)

My website: *The Economist*. 24 November 2012, “Manufacturing: The new market rules”

21. (1) What is the point *The Economist* is trying to make in the graph?
22. (3) **In a short essay**, describe McKinsey’s five manufacturing categories and explain why some are based off-shore and others are usually based domestically.
23. (1) Why is it difficult to separate manufacturing from service industries?

My website: *The Economist*, March 14th-20th 2015, “Briefing: The future of factory Asia”

24. (3) **In a short essay**, describe how *The Economist* supports the concept of transborder/global production.

Sub-topic:

My website: Vu-graph: “Value Added”

My website: *World Bank*, “Trade Workshop: The Fragmentation of Global Production and Trade in Value-Added”

My website: *University of Sheffield. Phillips*, “Global Value Chains: Why the Fuss,” 13 August 2013

25. (0.5) What is value added?
26. (1.5) **In a paragraph**, explain what is being shown with the picture of the Boeing 787.
27. (4) **In a ½-page essay**, describe the concept of global value chains.

WED 21 MAR

Topic: A Basis of Production, Competition, and Growth (I)

My website: Singleton, Chapter 10, "Knowledge and Technology: the Basis for Wealth and Power," pp 196-203

28. (1) What are the three important trends that have become apparent over the recent decades?
29. (1.5) **In a paragraph**, *describe* the international knowledge structure and what does it establish.
30. (1) In terms of technology, how do business firms rival states?
31. (1.5) **In a paragraph**, *describe* what is technology, according to the article.
32. (1.5) **In a paragraph**, *describe* intellectual property rights and why they are a critical issue.
33. (4) **In a ½-page essay**, *describe* the three perspectives of intellectual property rights.

Dasgupta, Chapter 5, "Science and Technologies as Institutions"

34. (3) **In a short essay**, *describe* Dasgupta's concepts of science and technology, including how "ownership" is determined in each.
35. (1) In terms of GDPs, how great is the difference between R&D in the developed world compared to the less developed world?
36. (1) What, according to Dasgupta, made the difference between the European world, and thus the developed world, and the rest of the world after the 1700s?
37. ♦ (3) **In a short essay**, *discuss* the following: given that the world market benefits from the free movement of all factors of production, why might it be necessary to regulate the flow of knowledge.

Topic: A Basis of Production, Competition, and Growth (II)

My website: *Britannica*, Balassa, "International Trade - Sources of Comparative Advantage"

38. (3) **In a short essay**, *describe* what Balassa discusses as the sources of comparative advantage.

My website: *Britannica*, Kendrick, "Productivity".

39. (4) **In a ½-page essay**, *define* productivity and *describe* what Kendrick discusses as the factors that determine productivity levels.