11.01.2016

* International trade
  + Why do states trade? ‘Comparative advantage’
  + Balance of trade - surplus or deficit?
  + Exchange rates
* International political economy - politics of international economic activities
  + Link between politics and economics at the international level
* Approaches involving both
  + Liberalism, mercantilism, marxism
* Globalization of trade
  + GATT and WTO
* MNCs have the power to influence and sway states.
  + “Give me tax breaks and lax environmental requirements or I’ll build somewhere else”
* Mercantilism
  + Associated with realism
  + Manipulating international trade to strengthen domestic industries
  + Seek to maximize wealth and minimize dependence
  + Use tariffs, quotas, and nontariff barriers
  + Nontariff barriers
    - Health and safety regulation, subsidies, red tape, etc.
* Marxist (economic structuralism)
  + Economic structure determines politics
  + How are the gains from trade divided?
  + Focus on conflict between haves and have nots
    - Exploitation, inequality, competition
  + Effects of international economy on the poor
    - Sweatshops, child labor
  + Want a more equitable political economy, structural change is needed in the system
    - Have nots should protect their economies
* Patterns of trade
  + 2 contradictory trends
    - Regionalism
      * Regional trade blocks - EU, NAFTA, MERCOSUR, ASEAN
    - Multilateralism
      * Integration of industrialized nations into a truly global market
      * Managed by the WTO
* WTO
  + 164 members in 2016
  + Successor to General agreement on tariffs and trade (GATT) [1947-1994]
  + Purpose: to promote free trade by reducing trade barriers
    - Use ‘rounds,’ special trade negotiations, to do so
  + Manages global trade, provides forum for multilateral trade discussions, monitors implementation of agreements and settles disputes
  + Based on 2 principles
    - Most favored nation - nondiscrimination of states, means that a state cannot have a 15% tariff on pillows from one state and 50% for another
    - Reciprocity - if I relax tariffs from you, you have to reciprocate

Environment and population

* Environment
  + Common problems, fate and interdependence
    - Sustainable development - reconciling economic needs with environmental protection
  + On the agenda since the 1960s
  + Collective goods dilemma
    - Sustainable resources, clean air
    - Large number of actors, some of whom cheat
    - Has high cost to fix in short term
  + Atmosphere: 2 problems
    - Global warming - emission of CO2 and other gasses trap and retain the sun’s heat
      * Kyoto protocol 1997 and paris agreement 2015
    - Ozone depletion
      * Montreal Protocol 1987
* Population
  + Over 7 bil now
  + Will be 9 bil by 2040, 10 bil by 2056, 11 bil by 2100
  + Population growth higher in poorer regions
  + Will likely stabilize by 2050
  + Main question: is total fertility rate lower than replacement level fertility?
* Demographic transition model
  + To slow population growth, economic development must occur
  + Phases
    - High birth rate and fluctuating death rate
    - Declining birth and death rates
    - Birth rate declines to replacement level
    - Low to very low birth rate, very low death rate