KENNETH W. DAM

THE RULES OF THE CLOSE CAME.

A NEW LOOK AT
US INTERNATIONAL
ECONOMIC
POLICYMAKING

Contents

	Preface	iχ
	Acknowledgments	xiii
	List of Abbreviations	XV
PA	RT 1: ANGLES OF VISION	1
1	The Tension between the "Is" and the "Should Be"	3
	The Normative Approach	3
	The Positive Approach: A Political Analysis	5
	Interest Group Politics	8
	Who Does What (and to Whom) in Washington	11
	Political Contributions and Interest Groups	14
	Rent Seeking by Governmental Groups	19
	Rent Extraction	26
	The Role of Political Parties	27
	Limits to Political Analysis	33
2	The Role of Statecraft in Resolving the Tension	36
	The Presidency, the Executive Branch, and the Congress	37
	Implementing Statecraft Strategies	40
	A Closer Look at the Private Sector	49
	Statecraft in Search of Normative Goals	50
	Interest Groups and Public Discourse	53
	Openness, Productivity, and Per Capita Income	54
3	Political Dimensions of Trade Policy	59
	Political Analysis	59

	_
V1	Contents

	The Institutional Setting of Interest Group Politics	67
	The Influence of Different Kinds of Interest Groups	. 71
4	Normative Dimensions of Trade Policy	, 73
	The Case for Eliminating Trade Barriers: Comparative Advantage	75
	Intraindustry Trade	78
	The Benefits of Opening Economies to Trade	79
	Qualifications to the Case for Free Trade?	80
	The Current State of Play	90
PA	RT 2: TRADE STRATEGIES AND ISSUES	93
5	Opening Foreign Markets	95
	The 301 Process	97
	Sanctions as the Achilles' Heel of 301	100
	The Semiconductor Agreement Example '	103
	Market Access in the Uruguay Round: Procurement and Agriculture	108
6	Trade in Services	113
	The Nature of Trade in Services	113
	The Search for Services Trade Liberalization	118
	From GATT to GATS	120
	Financial and Telecommunications Services	125
	The Path Ahead	129
7	The Regional Strategy for Opening Markets	131
	Regional Trade Agreements Today	133
	The Case for and against RTAs: Trade Creation and Diversion	134
	Rent Seeking in the Trade Creation / Diversion Equation	137
	The Third-Country Effect	140
	Interest Groups and NAFTA	142
8	The Janus Faces of Fairness	148
	From Protectionism to Fairness	151
	Antidumping Proceedings in Actual Practice	153
	Antidumping in a Statecraft Perspective	156
	The Semiconductor Agreement, Part II	157
	Larger Implications of the Antidumping Law	157

		Contents	vii
	RT 3: INVESTMENT AND FINANCE A GLOBALIZING WORLD		163
9	Private Foreign Investment		166
3	· ·		,
	Perspectives on FDI Investment as a Driver of Trade		169 170
	Restrictions on Investment as Restrictions on Trade: TRIMs		170
	The Failed OECD MAI Effort		175
	US Policy toward Inward Investment		177
	US Options in Investment Negotiations		178
10	The Diversity of Monetary and Financial Issues		181
	The Moving Theater of Monetary and Financial Issues		182
	Exchange Rates and Patterns of Trade		183
	Exchange Rates and Trade Compared		188
	Managing Exchange Rates		189
11	The International Monetary System		191
	Exchange Rate and Reserve Systems		193
	A Political Analysis of US International Monetary Policy		195
	The Key Currency Role of the Dollar		200
12	The International Financial System		207
	Underdevelopment in Developing Countries		208
	The Asian Financial Crisis		213
	The Bailout Issue and Prospective Reforms		220
	Policy Issues after the Asian Crisis		221
	US Decision Making in International Finance		227
PA	RT 4: IRREPRESSIBLE NEW ISSUES		231
13	Labor Standards and the Environment		233
	Trade and Labor Standards		235
	Trade and the Environment		241
14	Trade in Information		252
	The Nature of Information		253
	Information Issues		254
	The Uruguay Round TRIPs Agreement		257
	Subsidies to High Technology		261

viii Contents

15	Cross-Border Flows of People	2	270
	US Immigration Policy in Historical Perspective	2	273
	Immigration Today		275
	An Economic Approach to Immigration Policy	, z	278
	The Consequences of Present Policy	2	280
	Short-Term Entrants	2	285
	Reprise	2	289
	Notes	2	293
	Bibliography	,	315
	Index -	3	331