



# PIIE Publications Spring 2012



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Cover photo of the Peterson Institute for International Economics by Jeremy Tripp.

# Private Rights and Public Problems

## *The Global Economics of Intellectual Property in the 21st Century*

Keith Maskus

June 2012

Consumers constantly confront intellectual property rights (IPRs) in their private and public lives from their morning cup of Starbucks coffee to the Intel chip on their computer at work. The ubiquitous presence of IPRs is synonymous with extensive violations of IPRs. Despite copyright protection, many goods are easily copied or shared—including music and video files—which affects industries, innovators, and customers. *Private Rights and Public Problems* looks at the expansion of private legal rights into international trade markets, not only for technological items but also for international public goods like vaccines and prescription drugs. Keith Maskus assesses the interchange among users, producers, and innovators and the difficulty of establishing an international policy regime that governs IPRs in all markets.

Post-industrial countries have preferential terms for licensing and selling products, in part because they develop more global brands and products. This volume observes that the primacy of private property in these countries raises contentious international debate between innovation owners in rich countries and followers and users in emerging and poor countries. Maskus asks if increased privacy regulations limit innovation and pose artificial and real barriers, such as decreased information accessibility and increased cost. This book addresses a fundamental issue: should basic scientific and technological knowledge be commoditized? The author empirically analyzes how the underlying features of IPRs, innovation and access to international technologies, are central contributors to economic growth.

### Marketing

- Ads in *Library Journal*, *Choice*, *Foreign Affairs*, *New York Review of Books*, *Publishers Weekly*, and *Political Science Quarterly*
- First edition sold over 10,000 copies
- Direct mail and online campaigns
- Co-ops available

### Audience

- Undergraduate- and Graduate-Level Studies: Economics, Public Policy, International Affairs, and Patent Law
- Professionals & Policymakers

### Related Title

*Intellectual Property Rights in the Global Economy*

Keith Maskus

ISBN paper 978-0-88132-282-8

### About the Author



**Keith Maskus** is the author of eleven books and professor of economics and associate dean of the College of Arts and Sciences at the University of Colorado, Boulder.

### PREVIOUSLY ANNOUNCED

ISBN 978-0-88132-507-2

### CATEGORIES

Economics/Current Affairs/  
Political Science

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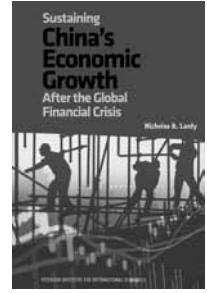
### INCLUDES

graphs, charts & index

# Sustaining China's Economic Growth After the Global Financial Crisis

Nicholas R. Lardy

January 2012



One of the foremost China experts in the world, Nicholas Lardy, examines China's response to the global crisis, the prospects for altering the model of economic growth that dominated the first decade of this century, and the implications for the United States and the global economy of successful Chinese rebalancing. Successful rebalancing would mean China would no longer be a source of financing for any ongoing US external deficit. From a global perspective China would no longer be a source of the global economic imbalances that contributed to the recent global financial crisis and great recession.

**"Lardy's book is a masterful account of the policy reforms that China needs to put in place to rebalance its economy and sustain high growth. The book is rich in data and thoughtful analysis, making it essential reading for anyone interested in understanding China's growth prospects."**

**Eswar Prasad**, Brookings Institution

## Marketing

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## Related Titles

### *China's Rise: Challenges and Opportunities*

C. Fred Bergsten, Charles Freeman,  
Nicholas R. Lardy & Derek J. Mitchell  
ISBN paper 978-0-88132-434-1  
ISBN hardcover 978-0-88132-417-4

## About the Author



**Nicholas R. Lardy**, called "everybody's guru on China" by the *National Journal*, is a senior fellow at the Peterson Institute for International Economics and author of *China's Rise: Challenges and Opportunities*.

ISBN 978-0-88132-626-0

### CATEGORIES

Economics/Current Affairs/  
Political Science

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FORMAT Paper

TRIM 6x9

PAGE COUNT 200

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graphs, charts & index

# Who Needs to Open the Capital Account?

Olivier Jeanne, Arvind Subramanian, and John Williamson

March 2012

Given the recent global economic crisis, *Who Needs to Open the Capital Account?* considers the impact of capital account liberalization on global economic dynamics. Should capital controls, which limit foreign investment or domestic ownership of foreign assets (Brazil being a recent example), be put in place to prevent global imbalances? For investors, determining where to put capital is much like betting. Investors want to place their capital where they get the highest return, which has meant betting on emerging Asian countries with high interest rates and undervalued currencies. While poorer countries need more capital to grow, the authors ask if increased capital inflow can become too much of a good thing. A distinguished set of experts examine capital account liberalization and recommend ways to prevent a boom-bust cycle. They advocate reconciling domestic and international financial regulation that deals with boom-bust dynamics in domestic and international credit. The crisis changes the debate on capital account liberalization, and this volume argues that it could mark a reversal in the trend of financial liberalization at the core of the international financial system.

## Marketing

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## About the Authors



**Olivier Jeanne** joined PIIE as a senior fellow in 2008. He is a professor of economics at the Johns Hopkins University and has taught at UC Berkeley (1997) and at Princeton University (2005–06). From 1998 to 2008 he held various positions in the Research Department of the International Monetary Fund.



**Arvind Subramanian**, one of *Foreign Policy's* Top 100 Global Thinkers and author of *Eclipse: Living in the Shadow of China's Economic Dominance*, is a senior fellow at both PIIE and the Center for Global Development. He also works as a senior research professor at the Johns Hopkins University. He frequently publishes in leading magazines and newspapers, including *The Economist*, *Financial Times*, *The Washington Post*, *The New York Times*, *The Wall Street Journal*, *Foreign Affairs*, and *Newsweek*. He has been a guest on *The Charlie Rose Show*.



**John Williamson**, senior fellow at PIIE, has been associated with the Institute since 1981. He was project director for the UN High-Level Panel on Financing for Development (the Zedillo Report) in 2001; on leave as chief economist for South Asia at the World Bank during 1996–99; economics professor at Pontificia Universidade Católica do Rio de Janeiro (1978–81), University of Warwick (1970–77), Massachusetts Institute of Technology (1967, 1980), University of York (1963–68), and Princeton University (1962–63); adviser to the International Monetary Fund (1972–74); and economic consultant to the UK Treasury (1968–70).

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Economics/Current Affairs/  
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# Resolving the European Debt Crisis

William R. Cline and Guntram Wolff, Editors

March 2012



This book investigates policy approaches to resolving the sovereign debt crisis. The first section examines the political-economic context of the crisis in these five countries facing sovereign debt difficulties as well as in their key partner economies, France and Germany. In the second section, lessons from past sovereign debt restructurings are reviewed for implications in the current European crisis. The third section considers the sustainability of debt in the countries in difficulty and reviews the main options for restructuring and debt buybacks. It also considers broader institutional changes: shifting to government borrowing in Eurobonds jointly and severally guaranteed by euro area member countries, greatly expanding the size of the European Financial Stability Facility (EFSF), and exit from the euro by weak countries or strong countries. The volume concludes with a brief description of a policy simulation game played on the second day of the conference by participants representing the roles of governments, banks and political sectors of the seven euro area nations as well as the European Central Bank (ECB), International Monetary Fund (IMF), G-7, and credit-rating community. Special attention is given to an approach to leveraging the financial support capacity of the EFSF through arrangements with the ECB. In addition to comments by formal discussants, the volume includes a summary of participant discussion on a non-attribution basis. Chapter authors include George Soros, Steven R. Weisman, Alan Ahearne, Jeromin Zettelmeyer, Lee Buchheit, Zaki Laidi, and Daniela Schwarzer.

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graphs, charts & index

## About the Editors

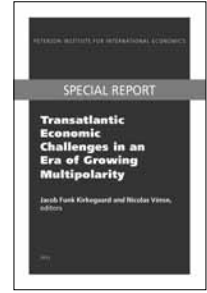
**William R. Cline**, senior fellow at PIIE, holds a joint appointment at the Center for Global Development. His work has won the Harold and Margaret Sprout Prize for best book on international environmental affairs as well as the Choice OAT award.

**Guntram Wolff** is the Deputy Director of Bruegel. He holds a PhD from the University of Bonn where he was a research fellow at the Center for European Integration Studies (ZEI) and has published numerous papers in leading academic journals.

# Transatlantic Economic Challenges in an Era of Growing Multipolarity

Jacob Kirkegaard and Nicolas Véron, Editors

June 2012



This book focuses on three specific topics—the international monetary system, the economic growth outlook, and the transatlantic debt challenge. Effective cooperation and coordination in the global economy require that governance of multilateral organizations and groups adapts to changing patterns of power at the global level. The process of transition may be characterized by growing multipolarity. A cooperative and multilateral approach is only one possible way to conceive the transition. But, in whatever way it occurs, the transition at global level will have profound effects on transatlantic political, economic and financial relations.

## Marketing

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graphs, charts & index

## About the Editors



**Jacob Funk Kirkegaard** has been a research fellow at the Peterson Institute since 2002 and is also a senior associate at the Rhodium Group, a New York-based research firm. Before joining the Institute, he worked with the Danish Ministry of Defense, the United Nations in Iraq, and in the private financial sector. He is a graduate of the Danish Army's Special School of Intelligence and Linguistics with the rank of first lieutenant; the University of Aarhus in Aarhus, Denmark; and Columbia University in New York. His current research focuses on European economies and reform, pension systems and accounting rules, demographics, offshoring, high-skilled immigration, and the impact of information technology.

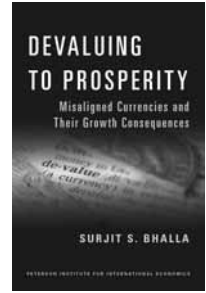


**Nicholas Véron**, visiting fellow at the Peterson Institute since October 2009, is also a senior fellow at Bruegel, a Brussels-based economic policy think tank, the creation of which he has contributed to since 2002, and divides his time about equally between the United States and Europe. A French citizen, he has held various positions in the public and private sectors, including as corporate adviser to France's labor minister (1997–2000), as chief financial officer of the publicly listed internet company MultiMania / Lycos France (2000–2002), and as an independent financial services consultant. Since 2008 he has been a member of the CFA Institute's Corporate Disclosure Policy Council.

# Devaluing to Prosperity: *Misaligned Currencies and Their Growth Consequences*

Surjit Bhalla

June 2012



In this cutting-edge analysis, Surjit Bhalla offers a controversial new perspective: currency undervaluation explains a large portion of economic growth accelerations. *Devaluing to Prosperity* examines how a country like China has managed to change its status as a poor country to become one of the largest economies in the world. In turn, Bhalla asks why more countries don't embrace mercantilist strategies—or extreme cases where the currency is undervalued—in an attempt to jumpstart their economies.

Specifically, Bhalla looks at 180 countries' economic policies during the past 150 years to understand currency undervaluation effects on investments, growth, and productivity. He notes that China has perfected the strategy of export-led growth, and he assesses the relationship between export-led growth and currency undervaluation—which enables countries to make the cost of their exports cheaper.

Bhalla argues that real exchange rates matter and a weak currency is the strongest asset for an economy that wants to spur growth. But, he also acknowledges the most accepted viewpoint that currency undervaluation is a dangerous form of currency manipulation, which results in protectionist trade policies, and falls short of globally accepted standards. Given this contradictory perspective, this book reexamines the fundamental determinants of economic growth and the role that policy has played in the global economic and financial crisis.

## Marketing

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## Related Title

*Imagine There's No Country: Poverty, Inequality, and Growth in the Era of Globalization*

Surjit Bhalla

ISBN paper 978-0-88132-348-1

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## CATEGORIES

Economics/Current Affairs

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## About the Author

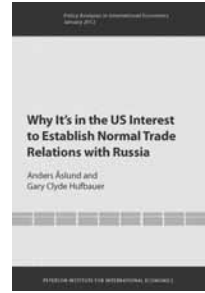


**Surjit Bhalla** is managing director of Oxus Research and Investments, a New Delhi-based economic research, asset management, and emerging markets advisory firm.

# Why It's in the United States' Interest to Establish Normal Trade Relations with Russia

Anders Åslund & Gary Clyde Hufbauer

March 2012



In the coming year, Congress is likely to face a critical vote on granting Permanent Normal Trade Relations (PNTR) to Russia in connection with its impending membership to the World Trade Organization (WTO). A “yes” on PNTR for Russia could set the tone for economic relations between the United States and Russia for the next decade, and would give the global agenda of trade and investment liberalization a fresh boost, as Russia is the last major economy to join the WTO. Congressional failure to permanently normalize trade relations would likely have broad consequences, since it would send a clear message of US skepticism that the WTO is a suitable forum for handling commercial relations between major powers. Åslund and Hufbauer present an analysis of the current US-Russia economic relations and provide estimates on the potential increase in US exports to Russia and potential growth of two-way trade within the WTO framework. Drawing on conclusions from this analysis, and from previous work conducted by PIIE on US-Russia relations, this study summarizes the implications of PNTR for US producers, Russian economic growth, and bilateral commercial relations.

## Marketing

- Ads in *Library Journal*, *Choice*, *Foreign Affairs*, *Political Science Quarterly*, *The New York Review of Books*, and *Perspectives on Politics*
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## Audience

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- Professionals & Policymakers

## Related Title

### *Russia after the Global Economic Crisis*

Anders Åslund, Sergei Guriev & Andrew Kuchins, editors  
ISBN paper 978-0-88132-497-6

## About the Authors



**Anders Åslund**, known for repeatedly challenging conventional wisdom on “transition economies,” is a leading specialist on postcommunist economic transformation. He boldly predicted the fall of the Soviet Union in 1989 and his books have won multiple Choice OATS awards.



**Gary Clyde Hufbauer**, Reginald Jones Senior Fellow at PIIE, writes extensively on international trade, investment, and tax issues. His books have won multiple Choice OATS awards.

## PREVIOUSLY ANNOUNCED

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## CATEGORIES

Current Affairs/Economics/  
Political Science

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FORMAT Paper

TRIM 6x9

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graphs, charts & index

## Eclipse: Living in the Shadow of China's Economic Dominance

Arvind Subramanian

### Praise for *Eclipse*

“Parts of *Eclipse* read like a wonky version of *Rising Sun*, Michael Crichton’s 1992 novel of Japanese dominance over the U.S. when Tokyo was seen as speeding toward number one. But Mr. Subramanian is a first-class economist who uses his book to discuss provocatively U.S.-Chinese relations and the nature of economic power.”

*The Wall Street Journal*

“If you want to understand the true magnitude of the shift in economic power that is currently changing the world, *Eclipse* is the book to read—provocative, well argued and elegantly written.”

**Liaquat Ahmed**, Pulitzer Prize winning author of *Lords of Finance*

“Defying conventional wisdom, *Eclipse* not just vividly imagines, but provides a plausible scenario for, the replacement of the United States by China as the world’s dominant economic power. It persuasively underlines the need for Washington to get its act together.”

**Francis Fukuyama**, author of *The End of History and the Last Man* and *The Origins of Political Order*

“It’s a very important contribution to an immensely important subject: essentially nothing short of the future of the world. And I admire much of it. It’s brave, it’s intelligent, and it’s justly and rightly controversial.”

**Martin Wolf**, chief economics commentator, the *Financial Times*

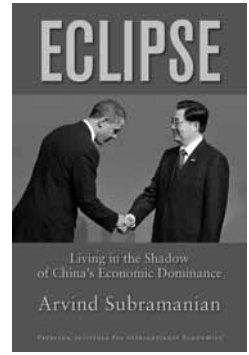
“*Eclipse* is a fascinating read. Controversial, but meant to be, it has the potential to set the terms of our ongoing discussion on what is perhaps the hottest issue in the global economy—China’s role. Its quantification of power alone will attract considerable interest.”

**Dani Rodrik**, Professor of Economics, Harvard University and author of *The Globalization Paradox*

### About the Author



**Arvind Subramanian**, one of *Foreign Policy*'s Top 100 Global Thinkers and author of *Eclipse: Living in the Shadow of China's Economic Dominance*, is a senior fellow at both PIIE and the Center for Global Development. He also works as a senior research professor at The Johns Hopkins University. He frequently publishes in leading magazines and newspapers, including *The Economist*, *Financial Times*, *The Washington Post*, *The New York Times*, *The Wall Street Journal*, *Foreign Affairs*, and *Newsweek*. He has been a guest on *The Charlie Rose Show*.



September 2011

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#### CATEGORIES

Current Affairs/Economics/  
Political Science

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FORMAT Paper

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#### INCLUDES

graphs, charts & index

Available as an eBook

978-0-88132-634-5

# The Arab Economies in a Changing World: Second Edition with New Introduction by Mohamed El-Erian

Marcus Noland & Howard Pack



Compared to other regions of the world, the Middle East was once unique in its combination of authoritarianism and stultifying stability: No longer. Beginning in Tunisia, a wave of political upheaval has rolled across the region, reaching Egypt, Bahrain, Libya, and other countries caught between rising expectations and their antediluvian political systems, abetted by pan-Arab news channels and social networking media. This book examines the economics of the Middle East, with the aim of identifying changes to economic policy that could address at least the economic component of the challenges facing this part of the globe. The authors analyze the interaction of trade, productivity growth, and the political difficulties that may ensue as these countries move towards greater openness. Relevant comparisons are drawn from the experience of the transition economies and India on potentially successful policies and those likely to exacerbate existing problems. This second edition contains a new introduction from Mohamed A. El-Erian and a new postscript.

**“Marcus Noland and Howard Pack have provided an insightful analysis of the drivers of change. ...Remarkably prescient.”**

**Mohamed A. El-Erian**, Chief Executive, PIMCO and award-winning author of *When Markets Collide*

## About the Authors



**Marcus Noland** is deputy director and senior fellow at PIIE, and one of the foremost experts on the Middle East in the United States. His books have won Choice OATS awards.



**Howard Pack** has been a professor of economics and professor of business and public policy at the Wharton School since 1986, and professor of management there since 1995. He was a consultant at a number of institutions including the World Bank, the Asian Development Bank, the Inter-American Development Bank, the Agency for International Development, and the Overseas Development Council.

November 2011

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graphs, charts & index

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## A Decade of Debt

Carmen M. Reinhart & Kenneth S. Rogoff

Drawing on their definitive study of the history of debt in *This Time is Different: Eight Centuries of Financial Folly*, Reinhart and Rogoff present evidence that public debts in the advanced economies have surged in recent years to levels not recorded since the end of World War II, surpassing the heights reached during the First World War and the Great Depression. At the same time, private debt levels, particularly those of financial institutions and households, are in uncharted territory and are (in varying degrees) a contingent liability of the public sector in many countries. Historically, high leverage episodes have been associated with slower economic growth and a higher incidence of default or, more generally, restructuring of public and private debts. A more subtle form of debt restructuring in the guise of “financial repression” (which had its heyday during the tightly regulated Bretton Woods system) also importantly facilitated sharper and more rapid debt reduction than would have otherwise been the case from the late 1940s to the 1970s.

The authors ask if pressing needs of governments to reduce debt rollover risks and curb rising interest expenditures in light of the substantial debt overhang (combined with the widespread “official aversion” to explicit restructuring) are leading to a revival of financial repression—including more directed lending to government by captive domestic audiences (such as pension funds), explicit or implicit caps on interest rates, and tighter regulation on cross-border capital movements.

## The Global Outlook for Government Debt over the Next 25 Years:

*Implications for the Economy and Public Policy*

Joseph E. Gagnon with Marc Hinterschweiger

“straight talk on a vital topic”

Gretchen Morgenson, New York Times



978-0-88132-621-5  
 June 2011  
 73 pp.  
 graphs, charts, index  
 Paper  
**\$10.95**

**Available as an eBook**  
 978-0-88132-629-1

This study addresses a fundamentally new feature of the contemporary world economy: the simultaneous buildup of very large public deficits and debt positions in virtually all of the advanced high-income countries. The recent global financial crisis sharply accelerated this fiscal deterioration, but it was already well underway in some countries, including the United States, where demographic prospects had posed extremely worrisome trajectories for a number of years.

The book finds that the current public debt profiles in most advanced economies will grow to dangerous and unsustainable levels over the next couple of decades unless major changes are made in projected spending and revenue levels. The authors conclude that the United States and Japan, in particular, need to start planning now for significant future budget cuts to minimize the risk of a crisis. Acting soon enables the adjustment to be phased in over an extended period, which cushions the inevitable adjustment costs, while avoiding the potentially enormous pressures that could be levied by markets if correction is delayed too long.

## Global Trade in Services: *Fear, Facts, and Offshoring*

J. Bradford Jensen

How vulnerable are US workers to the effects of outsourcing? Are Americans going to lose jobs in areas like financial services, telecommunications, software development and engineering to low-salary countries like India and China? In a compelling new book J. Bradford Jensen demonstrates that the answer is “no.” He argues that the United States should embrace trade in services and aggressively pursue liberalization in the service sector.

In fact, the United States and the world have much to gain and little to lose if trade in services is liberalized. Using the most current information on the services sector, Jensen shows that even though service sector jobs pay high wages, these jobs are not likely to be lost to lower-wage workers in other countries. Indeed, precisely because high-wage service sector jobs require highly skilled workers, the U.S. is likely to retain these jobs.

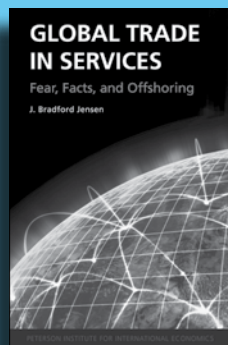
*Global Trade in Services: Fear, Facts, and Offshoring* investigates the poorly understood phenomenon of services outsourcing and develops a comprehensive picture of its size, scope, and impact.

## Flexible Exchange Rates for a Stable World Economy

Joseph E. Gagnon with Marc Hinterschweiger

Do volatile exchange rates cause economic harm? The popular thinking is that exchange rates are excessively volatile and that this volatility destabilizes inflation and employment and reduces economic growth. Gagnon explores these ideas and finds that there is a strong case that exchange rates are excessively volatile in the sense that their movements are large and are poorly explained by the standard economic model. However, this volatility does not appear to cause significant economic harm in countries that have sound macroeconomic policies. In particular, Gagnon argues, there is very little effect of exchange rates on inflation in most advanced and many developing economies, and there are only moderate effects on employment and output.

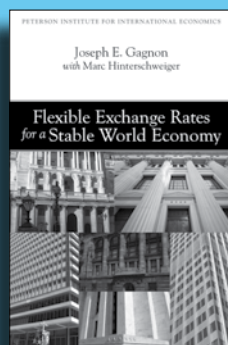
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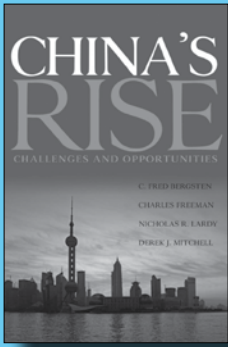
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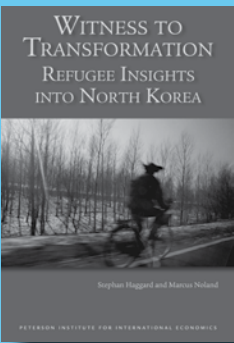
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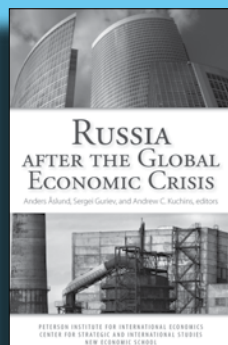
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Anders Åslund, Sergei Guriev &  
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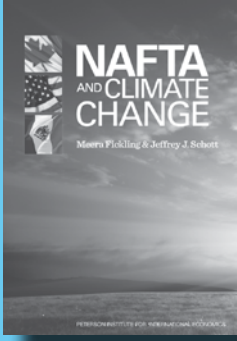
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Meera Fickling & Jeffrey J. Schott

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Emission reduction is now inextricably linked with trade and finance measures in this post-Kyoto era. The authors argue that the three NAFTA partners can work together to reduce greenhouse gas emissions while mitigating concerns about trade competitiveness. *NAFTA and Climate Change* provides a critical assessment of how NAFTA initiatives will contribute to the achievement of important climate change goals at both regional and global levels. This thorough investigation advances potential solutions, and ideas to develop practical channels for transferring technical and financial assistance from developed to developing countries to reduce greenhouse gas emissions and further economic development.

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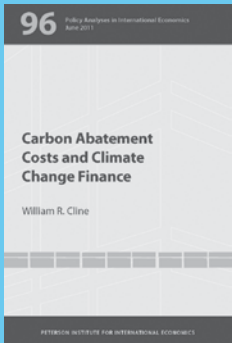
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William R. Cline

Envoys at the recent United Nations meeting in Cancún, Mexico, agreed to a climate-protection package, which included a fund that would manage a “significant share” of the \$100 billion pledged in 2009 by developed countries for poorer nations. The money pledged begs the very real question of what are the real economic costs of a coordinated international effort to curb global warming? Cline, whose previous work in this area has garnered a number of awards, develops a framework that helps determine these costs. He defines an emissions baseline for each of the 25 largest emitting nations (the European Union is treated as a single entity in this study) and looks at trends in population growth, per capita GDP growth, growth in the energy efficiency of output, and how much carbon dioxide emission can be reduced going forward. *Carbon Abatement Costs and Climate Change Finance* also investigates the policy paths needed to not only abate carbon dioxide emissions growth but also decrease it.

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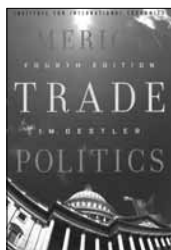
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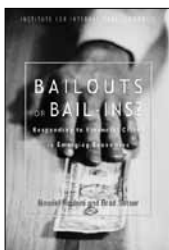
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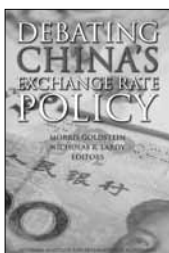
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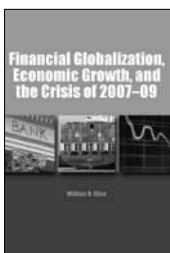
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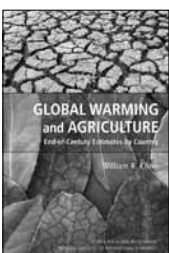
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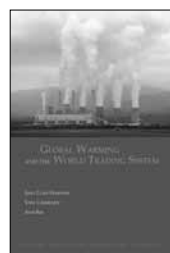
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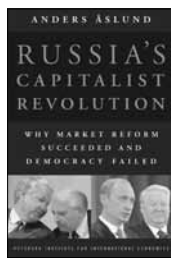
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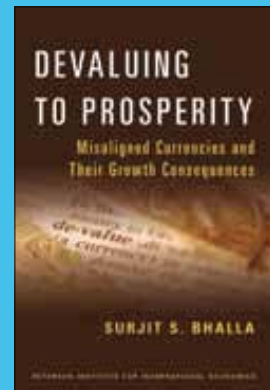
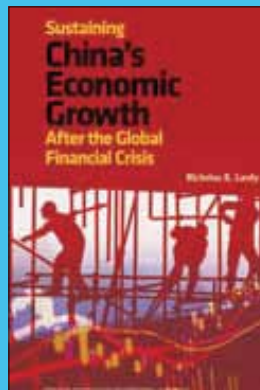
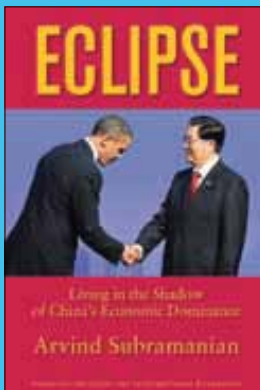
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