

### **Term Paper Assignment**

The term paper assignment requires the submission of a 15-page paper, **due 5PM December 16th**. You can choose among four different topics discussed below, or you may select an alternative if there is a specific area of international trade that you wish to investigate further. However, the risk of choosing an alternative topic is that you will not have the benefit of the explicit guidelines and suggestions that I outline below.

It might be helpful in structuring this paper to pretend that you are a special adviser to the President on the National Economic Council (NEC), and you are writing this as a memo to the NEC Chair to give him/her background on either of the topics below.

You should include tables of data if useful. In addition, diagrams (especially diagrams depicting data) may be helpful in supporting your arguments.

#### **Topic 1: Textiles**

At the end of 2004, the Multi-Fibre Arrangement (MFA) expired, and as a consequence, country-specific quotas ended on textiles. Countries such as China will then face no restrictions on exports.

This paper should address the following questions:

1. What are the implications for the United States of the expiration of the MFA? Be sure to explain what type or types of theoretical models you are using to make your assessment.
2. Within the U.S., who gains and who loses?
3. What are the implications for other developing countries?
4. In regards to the answers to the first two questions, what policies should the U.S. seek to implement. (You may wish to incorporate into your discussion safeguard provisions already built in with respect to China).
5. What are the possible repercussions, in terms of retaliation and so forth, of your preferred policy package?

## **Topic 2: Agriculture**

The progress of the Doha round has been stymied by the demands of the developing countries for greater access to developed country agricultural markets, and the resistance to such moves from the latter group.

1. Assess the impact on developing countries of current restrictions on agricultural imports into the developed countries.
2. What other policies serve to inhibit developing country exports to the developed countries?
3. What are the costs to the developed countries of such restrictions?

## **Topic 3: Outsourcing**

The outsourcing of jobs overseas has become a topic of public policy debate in recent years. As a consequence, some policy responses have been proposed. In discussing this topic, address the following points.

1. What is outsourcing? Are there different definitions being used in popular and technical discussions?
2. Analytically, is there any reason to apply differing methods of economic analysis to outsourcing, versus the well-known phenomenon of some manufacturing activities moving offshore?
3. What is the quantitative magnitude of the outsourcing phenomenon?
4. What policies are being forwarded to respond to outsourcing, and would such policies have the intended effects?

## **Topic 4: The Rise of Bilateralism**

Past decade has witnessed a proliferation of bilateral preferential trading arrangements. Many of these take the form of free trade agreements.

1. Discuss the advantages and disadvantages of such arrangements from an individual country perspective. When are the advantages likely to be the most pronounced?
2. Can such bilateral arrangements help propel the completion of multilateral trade agreements? Or do they tend to hinder the completion of multilateral agreements?
3. What stance should the U.S. take with respect to proposing such agreements?

## **Topic 5: Trade and the Environment**

Over the past few years, a slew of proposals have been forwarded to condition trade agreements on environmental standards.

1. What are the key proposals for linking trade policies to environmental standards?
2. Which groups in the developed countries – particularly the United States – are in support of such linkages? What would they have to gain from the implementation of such linkages?
3. What would be the impact in the developing countries? You may trace out the channels of effects, without taking a stand on the quantitative magnitudes involved.
4. Are there alternative means of raising environmental standards in developing countries, rather than linking trade policies to them?

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