



Public Affairs 856: Trade, Competition, and Governance in a Global Economy Spring 2020 (3 units)

Counts toward 50% graduate coursework requirement

MW 11:00AM - 12:15PM, SOCIAL SCIENCES 6240

This class meets for two 75-minute class periods each week over the spring semester and carries the expectation that students will work on course learning activities (reading, writing, problem sets, studying, etc) for about 3 hours out of classroom for every class period

Course website: http://www.ssc.wisc.edu/~mchinn/web856_s20.html

INSTRUCTOR

Professor Menzie Chinn
MW 2-3 until 3/9, TBA thereafter
7418 SOC SCI
Tel: (608) 262-7397
Email: mchinn@lafollette.wisc.edu

COURSE DESCRIPTION

This course provides an introduction to international trade policy. Its purpose is to provide students with an understanding of international trade theory, rules, politics and institutions and the major policy issues facing the global trading system. The first part of the course presents a treatment of the theory of international trade. It explores the rationale for free trade, the distributional impact of trade, the impact of tariffs and quotas, and the challenges presented by deeper international economic integration.

The second part of the course deals with the World Trade Organization, and how U.S. trade policy is conducted. It explores negotiation mechanisms and principles and the rules relating to market access, dispute settlement, fair trade, safeguards and trade-related intellectual property, (TRIPs). The third part considers major issues facing the trading system. These include regional trading arrangements (including the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership), foreign investment and national security concerns, China's entry into the WTO and health and safety concerns associated with trade.

The aim of this course is to provide an analytical background for those who plan to go into government service, international organizations and agencies, businesses involved in the global economy, nongovernmental organizations with international foci, and consulting firms analyzing international trade policy issues.

Only those who are comfortable with graphical – and to a lesser degree algebraic – analysis should enroll in this course. It requires some immersion in relevant economic theory, although some time is devoted to institutional descriptions.

Requisites: Public Affairs 818 and 880.

LEARNING OUTCOMES

- Knowledge
 - Students will demonstrate understanding of major current and past policy debates, research findings, and analytical methodologies in macroeconomics and international finance.
 - Students will demonstrate critical thinking skills. They will retrieve and examine the policy literature and evaluate evidence for and against hypotheses, identify knowledge gaps, strengths and weaknesses in existing literature, synthesize knowledge, and develop conclusions.
- Applied Research
 - Students will read, comprehend, and effectively summarize policy research and policy-relevant academic research.
 - Students will effectively summarize data for a policy audience.
- Communication
 - Students will communicate in clear written language: a real-world policy problem, relevant scholarly studies and practical applications, a policy-analytic method to investigate the problem, and client-oriented advice to mitigate the problem.
 - Students will communicate substance of point A highly concisely and in language understandable to a non-specialist.

GRADING

- 10% problem sets
- 50% midterm exams (x2),
- 40% term paper
- Final grade is based on curve of final aggregate scores
- Attendance and class participation are not part of the grading

REQUIRED TEXTBOOK, SOFTWARE & OTHER COURSE MATERIALS

- Rob Feenstra and Alan Taylor, *International Trade* 4th edition (Worth Publishers, 2017) [FT]
- Other required materials listed below under schedule.
- Some readings from <http://www.econbrowser.com>

EXAMS, QUIZZES, PAPERS & OTHER MAJOR GRADED WORK

- Midterm exams on 3/23, 4/27
- Exams are in-class, closed-book, no calculators, cumulative,
- No make-up exams; missed exam points will be apportioned to other components of the grade (with approved excuse).

- A 15 page term paper will be due at the end of the semester. The paper will be structured as a memo written for a policymaker. You will have latitude in terms of the choice of topic. However, I will be able to give you more guidance on certain topics than others. Additional details regarding this assignment, along with suggested readings, will be provided later in the term.

HOMWORK & OTHER ASSIGNMENTS

- Problem sets can be done in groups.
- Problem sets are to be submitted in lecture.

SCHEDULE AND READINGS

LEC.	DATES	TEXT	READINGS	TOPICS
1-2	1/22-27	FT1	Harrison	Introduction
3-4	1/29-2/3	FT2		Ricardian model
5	2/5	FT3		Specific factors model
6-8	2/10-17	FT4		Factor endowment model
9-10	2/19-24	FT6		Imperfect competition
11-12	2/26-3/2	FT8, FT9.1-3	Cr Amiti1, Amiti2	Trade Policy
13	3/4	FT9.4		Dumping & antidumping
14	3/9			Countervailing duties, escape clauses
15	3/11		EcFact1, CRS 232	National security
16	3/23	FT10.7	MIC2025	Industrial, Strategic trade policy
17	3/25			Midterm 1 (revised date)
18-19	3/30-4/1	FT11.2	CBO PTA CRS TPP, PP	Preferential trading arrangements
20-21	4/6-8	FT5	CRS FDI1,2	Immigration, FDI
22	4/13		Ba 1-13	Brexit
23-24	4/15-20		ADH, WWYZ	Trade and income distribution
25	4/22	FT7	FH	Prodn fragmentation, offshoring
26	4/27			Midterm 2
27	4/29			China & US Symposium

Harrison	Harrison, "The Changing Landscape of International Trade," Jackson Hole Economic Policy Symposium 2017 https://www.kansascityfed.org/~media/files/publicat/sympos/2017/2017harrison.pdf?la=en
Cr	Crowley, "An introduction to the WTO and GATT," <i>Economic Perspectives</i> 2003Q4. https://www.chicagofed.org/digital_assets/publications/economic_perspectives/2003/4qeppart4.pdf
Amiti1	Amiti, Redding, Weinstein, "The Impact of the 2018 Tariffs on Prices and Welfare," <i>Journal of Economic Perspectives</i> . https://www.aeaweb.org/articles?id=10.1257/jep.33.4.187
Amiti2	Amiti, Redding, Weinstein, "Who's Paying for the US Tariffs? A Longer-Term Perspective," NBER WP 26610 http://www.ssc.wisc.edu/~mchinn/w26610.pdf
EcFact1	Chinn, "What is the National Security Rationale for Steel, Aluminum and Automobile Protection?" <i>EconoFact</i> , June 6, 2018. https://econofact.org/what-is-the-national-security-rationale-for-steel-aluminum-and-automobile-protection
CRS 232	CRS, <i>Section 232 Investigations: Overview and Issues for Congress</i> https://fas.org/sgp/crs/misc/R45249.pdf
MIC2025	McBride, Chatzky, "Is 'Made in China 2025' a Threat to Global Trade?" CFR Backgrounder, May 2019. https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade
CBO PTA	CBO, "The pros and cons of pursuing free-trade agreements," <i>Economic and budget issue brief</i> (July 2003). https://www.cbo.gov/publication/14657
CRS TPP	CRS, <i>The Trans-Pacific Partnership (TPP): In Brief</i> https://www.fas.org/sgp/crs/row/R44278.pdf
PP	Petri and Plummer, "China Should Join the New Trans-Pacific Partnership," <i>PIIE Policy Brief</i> (2019). https://www.piie.com/system/files/documents/pb19-1.pdf
CRS FDI1	CRS, <i>Foreign Direct Investment in the United States: An Economic Analysis</i> https://www.fas.org/sgp/crs/misc/RS21857.pdf
CRS FDI2	CRS, <i>U.S. Direct Investment Abroad: Trends and Current Issues</i> https://www.fas.org/sgp/crs/misc/RS21118.pdf
Ba	Baldwin, <i>Brexit Beckons</i> (VoxEU, 2016). http://voxeu.org/system/files/epublication/Brexit_Beckons_VoxEU.pdf
ADH	Autor, Dorn, Hanson, 2013, "The China Syndrome," <i>AER</i> (2013). http://gps.ucsd.edu/files/faculty/hanson/hanson_publication_it_china.pdf
WWYZ	Wang, Wei, Yu, Zhu, Re-examining the Effects of Trading with China on Local Labor Markets (2018). http://pseweb.eu/ydepot/seance/512919_w24886.pdf
FH	Feenstra and Hanson, 2001, "Global Production Sharing and Rising Inequality," <i>Handbook of International Trade</i> (2003). http://cid.econ.ucdavis.edu/Papers/pdf/Survey-Feenstra-HansonREV.pdf

RULES, RIGHTS & RESPONSIBILITIES

See the Guide's to [Rules, Rights and Responsibilities](#)

ACADEMIC INTEGRITY

By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison's community of scholars in which everyone's academic work and behavior are held to the highest academic integrity standards. Academic misconduct compromises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be

forwarded to the Office of Student Conduct & Community Standards for additional review. For more information, refer to studentconduct.wiscweb.wisc.edu/academic-integrity/.

ACCOMMODATIONS FOR STUDENTS WITH DISABILITIES

McBurney Disability Resource Center syllabus statement: “The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA.” <http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php>

DIVERSITY & INCLUSION

Institutional statement on diversity: “Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

The University of Wisconsin-Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background – people who as students, faculty, and staff serve Wisconsin and the world.” <https://diversity.wisc.edu/>

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