

Trade, Competition, and Governance in a Global Economy (provisional)

1. INTRODUCTION

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 TTP and TTIP, foreign investment and national security concerns, the impact of China, 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.

2. OFFICE HOURS

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Updated information will be posted on the course website,
http://www.ssc.wisc.edu/~mchinn/web856_s16.html.

3. SCHEDULE AND READINGS

The text is Rob Feenstra and Alan Taylor, *International Trade* (Worth Publishers) [FT], available at the University Bookstore. Additional required readings are downloadable from links on the course website.

LEC.	DATES	TEXTS	READINGS	TOPICS
1-2	1/20-25	FT1	Fmn, Lmr	Introduction
3-4	1/27-2/1	FT2		Ricardian model
5-7	2/3-10	FT4		Factor endowment model
8-10	2/15-22	FT6		Imperfect competition
11	2/24 (Wednesday)			Midterm 1
12	2/29	FT8		Trade policy
13	3/2	FT9.1-3	Cr1	Trade policy
14	3/7	FT9.4	Cr2	Dumping & antidumping
15	3/9			Countervailing duties, escape clauses
16-17	3/14-16	FT11.1	CBO PTA CRS TPP1,2, PP CRS TTIP	Preferential trading arrangements
18	3/28	FT10.5		Strategic trade policy
19-20	3/30-4/4	FT5	CRS FDI1,2	Immigration, FDI
21	4/6 (Wednesday)			Midterm 2
22	4/11			GATS, TRIPS, Investment
23-24	4/13-18	FT7	HLLS, Autor	Trade and income distribution
25	4/20		FH	Prodn fragmentation, offshoring
26	4/25	FT10.1-4	CBO	Developing country issues, agric.
27	4/27		Hanson	China, India
28	5/2	FT11.2-4	CT	Trade, growth, environment
29	5/4		CRS Labor	Phytosanitary, labor standards

Fmn Friedman, "It's a Flat World, After All," NYT Magazine (April 3, 2005)

http://www.ssc.wisc.edu/~mchinn/Friedman_ItsFlatWorld.pdf

Lmr Leamer, "A Flat World, a Level Playing Field, . . .," JEL (2007)

http://www.ssc.wisc.edu/~mchinn/Leamer_FlatWorld_060221.pdf

Cr1 Crowley, "An introduction to the WTO and GATT," *Economic Perspectives* 2003Q4.

https://www.chicagofed.org/digital_assets/publications/economic_perspectives/2003/4qepart4.pdf

Cr2 Crowley, "The worldwide spread of antidumping protection," *Chicago Fed Letter* No. 198 (2004).

https://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2004/cfljanuary2004_198.pdf

CBO PTA CBO, "The pros and cons of pursuing free-trade agreements," *Economic and budget issue brief* (July 2003). <https://www.cbo.gov/publication/14657>

CRS TPP1 CRS, *The Trans-Pacific Partnership (TPP): In Brief* <https://www.fas.org/sgp/crs/row/R44278.pdf>

CRS TPP2 CRS, *Trans-Pacific Partnership (TPP) Countries: Comparative Trade and Economic Analysis* <https://www.fas.org/sgp/crs/row/R42344.pdf>

PP Petri and Plummer, "The Trans-Pacific Partnership and Asia-Pacific Integration: Policy Implications," PIIE (2012). <http://www.iie.com/publications/pb/pb12-16.pdf>

CRS TTIP	CRS, Transatlantic Trade and Investment Partnership (TTIP) Negotiations https://www.fas.org/sgp/crs/row/R43387.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
HLLS	Hanson, Lawrence, Leamer, and Slaughter, "Globalization and U.S. Wages: Modifying Classic Theory to Explain Recent Facts," <i>JEP</i> (2012). http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.26.2.119
Autor	Autor, Dorn, Hanson, 2013, "The China Syndrome," <i>AER</i> (2013). http://gps.ucsd.edu/files/faculty/hanson/hanson_publication_it_china.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
CBO	CBO, Agricultural Trade Liberalization (2006) https://www.cbo.gov/sites/default/files/109th-congress-2005-2006/reports/11-20-agtrade.pdf
Hanson	Hanson, "The Rise of Middle Kingdoms: Emerging Economies in Global Trade," <i>JEP</i> (2012). http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.26.2.41
CT	Copeland and Taylor, 2004, "Trade, Growth and the Environment," <i>Journal of Economic Literature</i> 42(1). https://econ.ucalgary.ca/manageprofile/sites/econ.ucalgary.ca.manageprofile/files/unitis/publications/162-60363/Trade%252C%2BGrowth%252C%2BEnviro.pdf
CRS Labor	CRS, Overview of Labor Enforcement Issues in Free Trade Agreements https://www.fas.org/sgp/crs/misc/RS22823.pdf

4. GRADING

Letter grading is determined as follows:

10%	Problem sets
50%	Two midterm exams (25% each)
40%	Term paper

There will be no make-up midterm exams. Missed midterm exams will increase accordingly the weight assigned to the other midterm and the term paper. The problem sets are an integral part of the course. Assignments will be handed into me in lecture on the appropriate date. Late assignments will not be accepted for credit. Although the problem sets do not constitute a large portion of the grade, I strongly encourage you to do the assignments in a timely and serious fashion. The problem sets provide valuable information regarding your grasp of the concepts.

5. THE TERM PAPER

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.