Fall 2016

Economic Aspects of International Affairs

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Note: Please put DIPL 4555 in the subject line

CLASS TIMES AND LOCATION:
Class times and location:
TR 9:00 am – 10:45 am (AA)
TR 11:00 am – 12:15 pm (AB)

COURSE DESCRIPTION
This course provides upper level undergraduates in International Relations with the key economic principles to understand the causes and consequences of international flow of goods, services, investment, and people. The first half of the semester covers the basic trade theories to explain why nations trade, what and with whom they trade, and who within a country gains and loses from trade. Next, we explore the international movement of labor (migration) and capital (foreign direct investment) as alternatives to conventional trade in goods and services. Finally, we will analyze national motives for regulation in cross-border flows of trade, capital and labor, and the effects of these policies on economic welfare. The course will address current national and international debates such as: Does trade cost jobs and increase wage inequality? Should developing countries liberalize trade? Does the US benefit from the TPP? Should we globalize labour markets?

Prerequisites: ECON 1402 and ECON 1403. The course builds on the microeconomic tools and macroeconomic frameworks you learnt in these courses to study issues in trade, migration, and evaluating economic welfare.

COURSE OBJECTIVES
1. Give students the necessary analytical tools to critically read, analyze and discuss economic underpinnings of current and past events in the global economy. This includes critically evaluating news media stories on relevant issues, and being able to distil economically sound arguments from flawed reasoning and conclusions.
2. Understand the usefulness of models and assumptions in economic analyses. Students should be able to discuss the practical relevance of models, and evaluate which models and assumptions are applicable to a real life phenomenon.
3. Incorporate the use of data synthetically with other evidence and frameworks in supporting or refuting arguments.

Numeracy Proficiency
This course, and economic analyses in general, has a required numeracy proficiency component. As such, through the semester, you are expected to demonstrate proficiency with numbers and measures, confidence and competence in numerical calculations and graphical interpretations, and the ability to evaluate and synthesize quantitative information accurately. In order to foster critical thinking and numeracy skills, throughout the semester you will engage in guided discussions in the classroom and will be asked to back up your arguments with frameworks used in class and evidence presented in readings. Students will be evaluated on their critical thinking and numerical (quantitative) skills, and their ability to synthesize appropriate arguments and evidence to reach a conclusion or policy recommendation.

REQUIRED MATERIAL
There are two required textbooks for the course, and both are available at the Seton Hall University Bookstore.

Other required reading and audio material are listed in the Course Schedule section, along with links to access the material. Additional material will be handed out in class, posted on Blackboard, or emailed. **Note:** If you buy a different edition than those indicated, you are responsible for differences in editions as far as reading and homework material is concerned.

**COURSE COMMUNICATION AND INFORMATION DISSEMINATION**

All course material will be handed out in class, emailed or posted on the course site on Blackboard, located at [http://myweb.shu.edu/](http://myweb.shu.edu/) or accessible through PirateNet. I will send emails and course announcements from the course website on Blackboard, so you should regularly (every 36 hours) check the email address you listed in the SHU directory.

To confirm that you are receiving emails through Blackboard, log into the course site and send an email to yourself. The Technology Service Desk (servicedesk@shu.edu, (973) 275-2222 or x2222) can assist you with any questions.

When emailing me, type **DIPL 4555** in the subject, and follow this with a subject relevant to your email. For instance, you may write “**DIPL 4555 – Exam 1**” as the subject of your email. An email with the appropriate subject automatically gets forwarded to my **DIPL 4555 folder**, and minimizes the probability of getting overlooked in a busy inbox. I will do my best to respond to your email within 24 hours during weekdays and within 48 hours during weekends.

**GRADING DISTRIBUTION AND POLICIES**

The grade for this course has three main components:

- Class participation and preparation 10%
- Debates: one oral (5%) and two written analyses (15%) 25%
- Exams: two in-class (35% for higher exam score) 65%

**COURSE REQUIREMENTS AND EVALUATION CRITERIA**

**Class participation and preparation**

*Class participation* includes but is not limited to asking relevant questions, answering questions *meaningfully*, completing tasks handed out in class, demonstrating thoughtful responses to assigned readings, and referring *meaningfully* to real world examples relevant to discussions. If you participate regularly in class, I will learn your names and count your participation towards the course grade.

*Preparation* involves *completing and absorbing the assigned readings before* coming to class or office hours. Note that there is a substantial reading load, designed to provide you with multiple perspectives and an array of evidence. To do well in this course, you must engage in *active* reading during which you take good notes, reflect on the evidence presented, and draw out the key arguments made by the authors. I will treat assigned readings as background, and build on them in class to give a more in-depth treatment of the topics at hand. As such, you will demonstrate preparation for class through the quality of your class participation in class.

**Debate and written analysis**

Each week we will discuss the economic underpinnings of events in international affairs. Where noted in the schedule, this will be in the form of debates during the last 20 minutes of class. In each debate, 2-4 students will argue for or against a position, and the class will vote on the more convincing side. Debates will be based on assigned readings that everyone completes before class. Students in the debates are encouraged but not required to pursue additional reading.

- Each student will take part in ONE debate, which counts for 5% of the total grade.
- Each student will also submit ONE written analysis (worth 5%) of a listed debate that already took place in the half of the semester s/h/ze did not take part in. The **due dates** for the written assignment are **Friday, September 30 at 2pm** (before midterm) and **Friday, November 18 at 2pm** (after midterm).
- A second written assignment (worth 10%) will mimic the debate structure but will address a topic not covered in depth in class. The prompt will be available on Tuesday, November 15 and the assignment **due date** is **Saturday, December 17 at 2pm** after the final exam.
Exams
There are two in class exams on Thursday, October 13 and Tuesday, December 13. The exams are non-cumulative, but keep in mind that the concepts covered in class build incrementally on previous material. Exams will be a combination of true/false, short essay and short analytical questions requiring use of graphs or numerical problem-solving. You are responsible in the exams for all material covered in class, in assignments, and in assigned readings – i.e., everything.

A student unable to take an in-class exam is required to provide proper documentation to the instructor prior to the exam. This is the only scenario where a missed exam will be excused, and I will review further steps to be taken. If your absence is excused, I may choose to give you a written make-up exam or an oral exam on the blackboard. While oral exams are particularly painful, I will not write a new exam for one or two students.

COURSE POLICIES

Attendance in all class sessions is required and I will take attendance. However, I understand that unforeseen circumstances beyond your control may arise. With this in mind, you are allowed two absences without need of explanation. Any absences beyond this point will negatively impact your overall grade. In other words: you have two free passes, use them wisely by saving them for emergencies and unavoidable circumstances. Students missing class due to an illness are required to provide a doctor’s note. Lateness will not be tolerated. Repeated instances of lateness can be treated as absences.

Grade appeals will be considered only in the event you discover a mistake in grading. Nonetheless, you must wait 48 hours before appealing. Note that re-grades will not be limited to the disputed part of the exam or assignment.

Incomplete grade designation for the course will be given only in exceptional cases for emergencies. Students wishing to request a grade of Incomplete must provide documentation to support the request accompanied by a Course Adjustment Form (available from the Diplomacy Main Office) to the professor before the date of the final examination. If the incomplete request is approved, the professor reserves the right to specify the new submission date for all missing coursework. Students who fail to submit the missing course work within this time period will receive a failing grade for all missing coursework and a final grade based on all coursework assigned. Any Incomplete not resolved within one calendar year of receiving the Incomplete or by the time of graduation (whichever comes first) automatically becomes an “FI” (which is equivalent to an F). It is the responsibility of the student to make sure they have completed all course requirements within the timeframe allotted. Please be aware that Incompletes on your transcript will impact financial aid and academic standing.

Technology can be both beneficial and harmful in learning. Based on my teaching experience and recent evidence, laptops will not be allowed in class. Mobile phones and other hand held devices must be set to silent and put away during class. If you require accommodations for using technology in the classroom, please contact me directly to resolve the matter.

SETON HALL POLICIES AND RESOURCES

Accommodations. It is the policy and practice of Seton Hall University to promote inclusive learning environments. If you have a documented disability you may be eligible for reasonable accommodations in compliance with University policy, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, and/or the New Jersey Law against Discrimination. Please note, students are not permitted to negotiate accommodations directly with professors. To request accommodations or assistance, please self-identify with the Office for Disability Support Services (DSS), Duffy Hall, Room 67 at the beginning of the semester. For more information or to register for services, contact DSS at (973) 313-6003 or by e-mail at DSS@shu.edu.

Counselling. The Office of Counselling and Psychological Services (CAPS) provides free year-round counselling to students in need of support. CAPS is located in Mooney Hall and can be reached at (973) 761-9500.

Academic Honesty. Plagiarism and other forms of academic dishonesty will be reported to the administration, and may result in a lowered or failing grade for the course and up to possible dismissal from the School of Diplomacy. See university and school standards for academic conduct here:

- http://www.shu.edu/academics/diplomacy/academic-conduct.cfm
COURSE SCHEDULE (subject to change)

Part I – Introduction and Old Trade Theories

Tue, Aug 30. Lecture 1 – Introduction

Required reading:
- Irwin, Free Trade Under Fire, Chapter 1, pp. 1-17

Recommended reading:
- KOM Chapter 1, pp. 1-9
- Pew Research Center. 2010. “Public knows basic facts about politics, economics, but struggles with specifics.” Nov 18. (url)

Thu, Sep 1. Lecture 2 – Gravity Model and Patterns of Trade

Required reading:
- KOM Chapter 2, pp. 10-22.
- Irwin, Free Trade Under Fire, Chapter 1, pp. 17-30

Recommended reading:
- Levinson, Marc. 2008. Freight pain. Foreign Affairs, 87(6), 133-140. (url1) (url2)

Tue, Sep 6. Lecture 3 – Microeconomic Tools for Trade Analysis

Required reading/listening:
- Acemoglu, Laibson & List, Economics, Chapter 8 - Trade pp. 171-178 (available on Blackboard)
- KOM Chapter 3, pp. 24-29.

Thu, Sep 8. Lecture 4 – Ricardian Model I

Required reading:
- KOM Chapter 3, pp. 29-36
- Irwin, Free Trade Under Fire, Chapter 2 (Comparative advantage), pp. 31-50.

Recommended reading:

Tue, Sep 13. Lecture 5 – Ricardian Model II

Debate 1: How does IT outsourcing impact US and India?
Irwin, Free Trade Under Fire, Chapter 4 (Offshoring and Trade in Services), pp. 133-136.

Required reading:
- KOM Chapter 3, pp. 36-48

Recommended reading:

Thu, Sep 15. Lecture 6 - Specific Factors Model I

Required reading:
- KOM Chapter 4, pp. 51-63, 80-83.
- Irwin, Free Trade Under Fire, Chapter 4, pp. 114-133.

Tue, Sep 20. Lecture 7 - Specific Factors Model II

Debate 2: Does trade with China cost U.S. jobs?

- Wolf, Martin. 2006. “We must act to share the gains with globalisation’s losers.” The Financial Times, September 6. (url)
- Roberts, Russell. 2016. “Symposium: David Autor on Trade.” EconTalk Extra, March 17. (url)

Required reading:
- KOM Chapter 4, pp. 63-70.
- Irwin, Free Trade Under Fire, Chapter 4, pp. 146-155.

Recommended reading:

I can’t get enough! Point me to the actual econ papers:

Thu, Sep 22. Lecture 8 - Heckscher Ohlin Model I

Required reading:
- KOM Chapter 5, pp. 84-96.
- Irwin, Free Trade Under Fire, Chapter 4, pp. 137-146.
Tue, Sep 27. Lecture 9 - Heckscher Ohlin Model II

**Debate 3: Are sweatshops good for labour in poor countries?**
- KOM Chapter 3, pp. 38-40.
- KOM Chapter 12, pp. 299-305.

Required reading:
- KOM Chapter 5, pp. 102-111.

Thu, Sep 29. Lecture 10 - Standard Trade Model I

Required reading:
- KOM Chapter 6, pp. 118-128.
- Who Gains from Oil Price Plunge? *Financial Times* (Blackboard)

Tue, Oct 4. Lecture 11 - Standard Trade Model II

**Debate 4: Does third world growth hurt first world prosperity?**
- KOM Chapter 6, pp. 129-132.
- Tankersley, Jim. 2015. “Robots are hurting middle class workers, and education won’t solve the problem, Larry Summers says.” *Washington Post Wonkblog*, March 3. ([url1](#)) ([url2](#)).

Recommended reading:

I can’t get enough! Give me the actual econ papers:
Thu, Oct 6. Exam 1 Review

Tue, Oct 11. Fall Break - No class

Thu, Oct 13. EXAM 1

Part II – New Trade Theories

Tue, Oct 18. Lecture 12 - Increasing Returns I (External Economies of Scale & Economic Geography)

Required reading:
- KOM Chapter 7, pp. 145-161.

Recommended reading:

Thu, Oct 20. Lecture 13 – Increasing Returns II (Internal Econ - Monopolistic Comp & Export Decisions)


Required reading:
- KOM, Chapter 8, pp. 164-188.

Recommended reading:

I can’t get enough! Give me the actual econ papers:

Tue, Oct 25. Lecture 14 – Multinationals, FDI & Outsourcing

Required reading:
- KOM, Chapter 8, pp. 190-200.
Thu, Oct 27. Lecture 15 – Migration I

Required reading:
- Feenstra & Taylor Chapter 5, pp. 123-144, 151-154

Recommended reading:
- Peri, Giovanni, Kevin Shib and Chad Sparber. 2014. “How highly educated immigrants raise native wages.” *Vox*, May 29. *(url)* *(link to the actual NBER working paper no. 20093, and non-technical summary in October 2014 NBER digest)*

I can’t get enough! Give me the actual econ papers:

Tue, Nov 1. Lecture 16 – Migration II

**Debate 6: Should we globalize labour? – The case for restrictions**

Required reading:
- Feenstra & Taylor Chapter 5, pp. 154-159.

Recommended reading:

Part III – Trade Policy and Institutions

Thu, Nov 3. Lecture 17 – Instruments of Trade Policies – Tariffs

Required reading:
- KOM Chapter 9, pp. 206-225.
- Irwin, Free Trade Under Fire, Chapter 3, pp. 77-99.

Tue, Nov 8. Lecture 18 – Instruments of Trade Policies – Antidumping and Non-Trade Barriers

Required reading:
- KOM Chapter 9, pp. 225-228.
- Irwin, Free Trade Under Fire, Chapter 5, pp. 164-188.

Recommended reading:
- Bown & Crowley, “Today’s Trade Policy and Trade Research.” VoxEU, June 5, 2016. (url)

Thu, Nov 10. Lecture 19 – Political Economy of Trade Policy

Debate 7: Should trade policy be used for domestic redistribution?
- KOM Chapter 10, pp. 236-251.
- Irwin, Free Trade Under Fire, Chapter 3 (p.99-) Politics of protection

Recommended reading:

Tue, Nov 15. Lecture 20 – GATT, WTO & Dispute Settlement Mechanism

Required reading:
- KOM Chapter 10, pp. 252-263.
- Irwin, Free Trade Under Fire, Chapter 7, pp. 239-269.

Recommended reading:
- China’s Role in the UN: Past Present and Future (url)
Thu, Nov 17. Lecture 21 — Regional Trade Agreements

Debate 8: Is TPP good for the US and its signatories?


Required reading:
- KOM Chapter 10, 263-268.
- Irwin, Free Trade Under Fire, Chapter 7 (Regional Trade Agreements), p.281-294.

Recommended reading:
- Petri & Plummer, “Economics of the Trans-Pacific Partnership.” VoxEU, 30 April, 2016. url
- Poland - EU’s headache - Economist 12 Jan 2016 url

Tue, Nov 22. Lecture 22 — Trade and Environment

Required reading:
- KOM Chapter 12, pp. 305-310.
- Irwin, Free Trade Under Fire, Chapter 2, pp. 63-74; Chapter 7 (Environmental Regulations and WTO Rules), 269-281.
- WTO. An introduction to trade and environment in the WTO. Accessed Aug 16, 2016. (url)

Recommended reading:

Thu, Nov 24. THANKSGIVING - No Class

Tue, Nov 29. Lecture 23 - Strategic Trade Policy

Required reading:
- KOM Chapter 12, pp. 290-298.

Recommended reading:

Thu, Dec 1. Lecture 24 - Trade & Development

Debate 9: Should developing countries liberalize trade?


Required reading:

Recommended reading:
- China's Role in the UN: Past Present and Future (url)

Thu, Dec 8. Wrap Up & Exam 2 Review

Tue, Dec 13. EXAM 2