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Fall 2017

DIPL 4555 AA/AB Economic Aspects of International Affairs

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Seton Hall University
School of Diplomacy and International Relations

DIPL 4555 AA/AB
Economic Aspects of International Affairs
Fall 2017

Syllabus

Instructor: Professor Nabeela N. Alam
Office: McQuaid Hall 107, x2265
Office hours: M 1:30-3pm; W 2:30-4:00 pm; or by appointment
Email: nabeela.alam@shu.edu

Note!!! Please put DIPL 4555 in the subject line

Class times and location:
MW 9:30 am – 10:45 am **(AA)**
MW 11:00 am – 12:15 pm **(AB)**
Stafford Hall 207

COURSE DESCRIPTION

Should the U.S. withdraw from NAFTA or renegotiate it? Was it a good idea to withdraw from the TPP? Does immigration hurt native workers in host countries? Will Brexit bring prosperity to the UK? These are all current issues in international economics that directly impact international relations. The answer is, as with the case of most social science questions, “*It depends.*” Economists use frameworks to analyze the underlying processes driving social and economic decisions, such as the decision for a person to migrate or for a firm to offshore. Next, they use these frameworks and empirical evidence to predict the impact of the different policy options, like those above.

Throughout the course, we will use real world and mainly current international issues to learn some key economic principles and apply them to the problem at hand. We will also draw from the research and policy communities to gather empirical evidence to help us decide the answer to questions such as those above. Current debates that we cover include trade patterns and their impact on jobs and wages, global supply chains and their implication for the types of trade agreements and trade policies we see today, why firms offshore (foreign direct investment), immigration and its impact on host and sending countries, whether current trade agreements address labour and environmental standards, and more. We can address these issues through different analytical or disciplinary lenses. In DIPL 4555, we will view these issues through economics lens to identify the mechanisms at works and to use this knowledge to evaluate and design policies.

Prerequisites: ECON 1402. The course build on the microeconomic tools you learnt in ECON 1402.

COURSE OBJECTIVES

The course is geared towards upper level undergraduates who have completed ECON 1402 Principles of Microeconomics, and cultivates the use of analytical and critical-thinking tools to study the economic underpinnings of international relations. The goal is to deepen your understanding of how economic issues impact international relations and foreign policy, and provide you with a toolkit for critical analysis that you can apply to not just the issues we address in class, but to any such event in the future. The tools you learn will help you both in your everyday capacity as a citizen, and in your future professional endeavours. You will be able to practice these tools through the in-class discussions, debates, and written analyses. Quizzes and exams are designed to test your understanding of the frameworks through problem-solving and application to scenarios not necessarily discussed in class.

By the end of the course, student should be able to:

1. Have a good grasp of the analytical tools to critically read, analyze, and discuss economic underpinnings of 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 alternative facts, distinguish between real and alt-experts.
2. Understand the usefulness of frameworks and assumptions in economic analyses; be able to discuss the practical relevance of models, and evaluate which models and assumptions are applicable to a given real world phenomenon.

3. Incorporate data synthetically with other evidence and frameworks in supporting or refuting arguments.
4. Use all three objectives above to deliver policy recommendations based on critical analysis and evidence.

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. Fostering critical thinking and numeracy skills, throughout the semester you will require you 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.

1. James Gerber. *International Economics, 6th Edition*. Pearson, 2014.
2. Douglas Irwin. *Free Trade Under Fire, 4th Edition*. Princeton University Press, 2015.

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/> or accessible through PirateNet. I will send emails and course announcement 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](mailto:servicedesk@shu.edu) (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:

Quizzes (Best 5 or 6 out of ...?)	5%
Class participation and preparation	10%
Debates and analyses	35%
Oral (10%)	
Written analysis (10%)	
Policy proposal (15%)	
Two in-class exams	50%
Higher score exam (30%)	
Lower score exam (20%)	

COURSE REQUIREMENTS AND EVALUATION CRITERIA

Quizzes

Short reading and analytical problem-solving *quizzes* will be administered given unannounced in class through the semester. There are no make-up quizzes regardless of your score, or whether you are late in class or absent. However, I will count the best five or six scores out of an undetermined number of quizzes.

Class participation and preparation

Class participation includes but is not limited to asking relevant questions, answering questions *meaningfully*, completing tasks handed out in class, completing the homework tasks for the following 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.

Note that your participation grade also depends on the **quality** of your contributions. Your contributions should be well articulated (concise, clear, civil), logically consistent, use relevant evidence, connect to the course material and stay on point. I will particularly reward original and creative comments, arguments or observations.

Preparation involves **completing and processing 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 participation and contribution to discussions in class.

Debates 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. In each debate, 4-6 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 strongly encouraged but not required to pursue additional reading.

- Each student will take part in **ONE debate**, which counts for 10% of the total grade.
- Each student will also submit **ONE written analysis** (worth 10%) of a listed debate or case 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 29 at 3:00 pm** (before midterm) and
 - **Friday, November 17 at 3:00 pm** (after midterm).

Since the debate topics and readings are available from the first day of class, the due dates are non-negotiable. Late submissions will be penalized 20% of your score for every 24-hour period that the assignment is late.

- A second written assignment is a **policy proposal** (worth 10%) on a topic not covered in depth in class. It will mimic the debate structure, but you are required to come up with concrete policy steps (not overall goals) to address the problem. The prompt will be available on Wednesday, November 15 and the **due date** is
 - **Saturday, December 16 at 3:00 pm** (final exam period).
 - In the interest of timely grading and University grade deadlines, late submissions will **NOT** be accepted.

Written assignments are due via Blackboard.

Citation Format: As per the School of Diplomacy policy, all written work in all your Diplomacy courses must include proper citations and references using one of the Chicago Manual of Style citation formats: Author-Date or Notes and Bibliography. The guidelines for these formats are also available on the course Blackboard page.

Exams

There are two in class exams on **Wednesday, October 11** and **Monday, December 11**. 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, multiple choice, 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 unless explicitly told otherwise in class.

The lower scoring exam will carry a weight of 20%, and the higher scoring exam will carry a weight of 30%.

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.

ACADEMIC RESOURCES

Academic Resource Center

<https://www13.shu.edu/offices/arc/index.cfm>
Phone: (973) 761-9108; Email: arc@shu.edu
Location: Arts & Sciences Hall Rm. 242

Online Writing Lab

<http://academic.shu.edu/owl/front.htm>
Email: owl@shu.edu

Writing Center

<http://blogs.shu.edu/studenttoolkit/the-writing-lab/>
Phone: (973) 761-7501
Location: Walsh Library, 3rd Floor
Sign up for appointment using Compass

COURSE POLICIES

Attendance in all class sessions is required and I will take attendance. Note that attendance will not be rewarded with a score towards your final grade. Do not confuse the attendance requirement with class participation requirements. I understand, however, that unforeseen circumstances that are beyond your control may arise, and so you are allowed two absences without need of explanation. Any absences beyond this point can negatively impact your overall grade. In other words: you have two free half-class passes, so 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 at the discretion of the instructor.

Grade appeals will be considered only in the event you discover a mistake in grading. You must wait 48 hours before appealing. Appeals must be made in writing, and within two weeks of my handing back the graded assignment in class, even if you were absent that day. 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 evidence¹, laptops are not allowed in class. Mobile phones and any 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.

¹ See, for instance Freakonomics (2016): [Who Needs Handwriting](#) and Dynarski's (2016) ["For better learning in college, lay down the laptop and pick up a pen."](#) post at Brookings Institution. If you are interested, I'll be happy to point you to more sources.

COURSE SCHEDULE* (subject to change)

* Note: both readings and schedule are subject to change, not least depending on how current issues evolve.

Part I – Old Trade Theories and Their Applications

Mon, Aug 28. Lecture 1 – Introduction and Class Logistics

Required reading:

- Gerber, Chapter 1, pp. 2-16.
- Gerber, Chapter 2, pp. 17-23, 28-32.
- Irwin, *Free Trade Under Fire*, Chapter 1, pp. 1-17.
- Amos, Deborah. 2010. *From NAFTA to Narcotics*. America Abroad Media. Broadcast audio, October 1. ([audio](#))
 - Part 1: Puebla Mexico and New York City (14:30)
 - Part 2: The History of US-Mexico Economic Relations (9:21)
- DIPL 4555 (Fall 2017) Syllabus (*Blackboard & handout in class*)

Recommended reading:

- Paul Krugman. 1993. "What do Undergrads Need to Know about Trade?" *American Economic Review, Papers and Proceedings of the Hundred and Fifth Annual Meeting of the American Economic Association* 83(2): 23-26 (also in *Pop Internationalism*) ([url](#)).
- Economist. 2004. "The travelling bra salesman's lesson." *The World in 2005 Print Edition*, November 17. ([url](#))

Wed, Aug 30. Lecture 2 – Gravity Model and Patterns of Trade

Required reading:

- Gerber, Chapter 13, pp. 300-307. *The United States in the World Economy*.
- Irwin, *Free Trade Under Fire*, Chapter 1, pp. 17-30
- Bernanke, Ben. 2006. "Global Economic Integration: What's New and What's Not?" Lecture at the Federal Reserve Bank of Kansas City's Thirtieth Annual Economic Symposium, Jackson Hole, WY. ([url1](#)) ([url2](#))
- Bradsher, Keith. 2013. "Hauling New Treasure Along the Silk Road." *New York Times*, July 20. ([url](#))

Recommended reading:

- Levinson, Marc. 2008. Freight pain. *Foreign Affairs* 87(6), 133-140. ([url1](#)) ([url2](#))

Mon, Sep 4. **LABOUR DAY** No class.

Wed, 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*)
- Girante, Joana. 2017. *Indifference Curves*. Marginal Revolution University, Principles of Economics: Microeconomics. ([video 8:27](#))
- Tyler Cowen. 2015. *The Big Ideas of Trade*. Marginal Revolution University, Principles of Economics: Microeconomics. ([video 8:01](#))

Mon, Sep 11. Lecture 4 – Comparative Advantage, Technology, and the Gains from Trade (Ricardian Model)

Required reading:

- Gerber Chapter 3, pp. 40-54
- Irwin, *Free Trade Under Fire*, Chapter 2 (Comparative advantage), pp. 31-50.
- Bordeaux, Dan. 2015. *Comparative Advantage*. Marginal Revolution University, Principles of Economics: Microeconomics. ([video 7:14](#))
- Rampell, Catherine. 2013. "Outsource Your Way to Success." *The New York Times Magazine*, November 5. ([url](#))

Recommended reading:

- Krugman, Paul. 1998. “Ricardo’s Difficult Idea: Why Intellectuals Don’t Understand Comparative Advantage.” In *The Economics and Politics of International Trade*, edited by G. Cook. Routledge. ([url1](#)) ([url2](#))
- Tabarrok, Alex. 2015. *Another Look at Comparative Advantage*. Marginal Revolution University, Principles of Economics: Microeconomics. ([video 12:24](#))

Wed, Sep 13. Lecture 5 – Comparative Advantage and Technology (Ricardian Model): Wages and Productivity

CASE: Cheap labour – is it good for developing countries?

Required reading:

- Gerber Chapter 3, pp. 54-60
- Irwin, *Free Trade Under Fire*, Chapter 6, pp. 222-233.
- Bardhan, Pranab. 2006. “Does globalization help or hurt the world’s poor? Overview – Globalization and poverty.” *Scientific American*, March 26. ([url](#))
- Blattman, Christopher, and Stefan Dercon. 2012. “More Sweatshops in Africa? Pilot Results from an Experimental Study of Industrial Labor in Ethiopia.” *International Growth Center Policy Brief 5006*, March. ([url](#))

Recommended reading:

- Krugman, Paul. 1997. “In Praise of Cheap Labour.” *Slate*, March 20. ([url](#))
- Kristoff, Nicholas. 2006. “In Praise of the Maligned Sweatshop.” *New York Times*, June 6. ([url](#))
- Harford, Tim. 2010. “Why anti-sweatshop campaigns might just do it after all.” *The Financial Times*, May 8. ([url](#))

Mon, Sep 18. Lecture 6 – Comparative Advantage and Factor Endowments (HO model)

DEBATE 1 – Does IT outsourcing hurt the United States? India?

Required reading:

- Gerber, Chapter 4, 81-83
- Irons, John and Tyler Cowen. 2004. “The Rise of Outsourcing.” *Wall Street Journal, Blog*, November 9. ([url](#))
- Farrell, Diana. 2007. “U.S. Offshoring: Small Steps to Make It Win-Win.” in *Economists’ Voice*, p.43-50 ([url](#))
- Blinder, Alan S. 2007. “Free Trade’s Great, but Offshoring Rattles Me.” *Washington Post*, May 6. ([url](#))
- Irwin, *Free Trade Under Fire*, Chapter 4 (Offshoring and Trade in Services), pp. 133-136.
- Economist. 2013. “Services: The next big thing.” *Special Report: Outsourcing and Offshoring, Print Edition*, Jan 19. ([url](#))

Recommended reading:

- Amiti, Mary and Shang-Jin Wei. 2004. “Demystifying Outsourcing.” *Finance and Development*, Dec., p.36-39. ([url](#))
- Blinder, Alan S. 2006. “Outsourcing: The Next Industrial Revolution?” *Foreign Affairs*, March/April. ([url](#))
- Economist. 2013. “Rise of the software machines.” *Special Report: Outsourcing and Offshoring, Print Edition*, Jan 19. ([url](#))

Wed, Sep 20. Lecture 7 – Comparative Advantage and Factor Endowments: Long run HO model

Required reading:

- Gerber, Chapter 4, pp. 63-71, 74-75, 78-79.
- Irwin, *Free Trade Under Fire*, Chapter 4, pp. 137-146.
- Wolf, Martin. 2006. “We must act to share the gains with globalisation’s losers.” *The Financial Times*, Sep. 6. ([url](#))

Mon, Sep 25. Lecture 8 – Comparative Advantage and Factor Endowments: Long run HO model

Required reading:

- Gerber, Chapter 4, pp. 85-89.
- Bessen, James. 2016. “Computers Don’t Kill Jobs but Do Increase Inequality.” *Harvard Business Review*, Mar. 24. ([url](#))
- Milanovic, Branko. 2016. “5 Powerful Forces Driving Inequality.” *Bloomberg View*, May 10. ([url](#))
- Roberts, Russell. 2016. *David Autor on Trade, China and U.S. Labor Market*. EconTalk, March 14. ([podcast](#))

Recommended reading:

- Dabla-Norris, Era, Kalpana Kochhar, Frantisek Ricka, Nujin Suphaphiphat, and Evridiki Tsounta. 2015. “Causes and Consequences of Income Inequality: A Global Perspective.” *IMF Staff Discussion Note 15/13*. International Monetary Fund. ([url](#))

- Economist, The. 2014. “Revisiting Ricardo: Why globalisation is not reducing inequality in developing countries.” *Print edition*, August 23. ([url](#))
- Milanovic, Branko. 2016. “Why the Global 1% and the Asian Middle Class Have Gained the Most from Globalization.” *Harvard Business Review*, May 13. ([url](#))
- Solinger, Marc. 2017. “Why China is sending jobs to Africa?” *Public Radio International*, Aug. 7. ([podcast](#)) (14:19 mins)

Wed, Sep 27. Lecture 9 – The Short-Run Specific Factors Model / Natural Resource Endowments

Required reading:

- Gerber, Chapter 4, pp. 71-73 (Specific Factors).

CASE: Venezuela – Natural Resource Endowments and Commodity Price Changes

Required reading:

- Gerber, Chapter 4, pp. 73-74.
- NPR Planet Money. 2016. “How Venezuela Imploded.” Planet Money [podcast](#), October 21. (19 mins)
- Gerber, Chapter 15, pp. 357-369.
- Who Gains from Oil Price Plunge? *Financial Times* ([Blackboard](#))

Recommended reading:

- Economist, The. 2017. “How Chavez and Maduro have impoverished Venezuela.” *Print edition*, April 6. ([url](#))

***** WRITTEN ANALYSIS due on Friday, September 29 at 3:00pm *****

Not applicable to students in Debates 1 and 2

Mon, Oct 2. Lecture 10 – Debate & Comparative Advantage Wrap-up

DEBATE 2: Does trade with China and emerging countries cost jobs and lower wages in the US?

Required reading:

NOTE: All frameworks/readings to date are useful in this debate, not just the readings below.

- Gerber, Chapter 17, pp. 412-417, 425-435.
- Spence, Michael. 2011. "Globalization and Unemployment." *Foreign Affairs*, November/December. ([url1](#)) ([url2](#)).
- Katz, Richard; Robert Z. Lawrence; Michael Spence. 2011. "Manufacturing Globalization." *Foreign Affairs* 90(6): 166-171. ([url1](#)) ([url2](#))
- Aldonas, Grant D., Robert Z. Lawrence and Matthew J. Slaughter. 2008. *Succeeding in the Global Economy: An Adjustment Assistance Program for the American Worker*. Washington DC: The Financial Services Forum. ([url](#))
- Harrison, Ann, Avraham Ebenstein, Margaret McMillan, and Shannon Phillips. 2009. “International Trade, Offshoring and US Wages.” *VoxEU.org*, August 31. ([url](#))
- Reinhardt, Uwe E. 2011. “How Convincing is the Case for Free Trade?” *New York Times Economix Blog*, Feb 18. ([url](#))

Recommended reading:

- Krugman, Paul. 2007. “Trade and inequality, revisited.” *VoxEU.org*, June 15. ([url](#))
- Steinbaum, Marshall. 2016. “Should the Middle Class Fear the World’s Poor?” *Boston Review*, May 11. ([url](#))

Wed, Oct 4. Exam 1 Review

Mon, Oct 9. FALL BREAK No class

Wed, Oct 11. EXAM 1

Part II – New Trade Theories and Their Applications

Mon, Oct 16. Lecture 11 – Beyond Comparative Advantage: Internal Economies of Scale and Trade

Required reading:

- Gerber, Chapter 5, pp. 92-101.
- Gerber, Chapter 13, pp. 307-322. *The United States in the World Economy: NAFTA*.
- McBride, James and Mohammed Aly Sergie. 2016. *NAFTA's Economic Impact*. Council on Foreign Relations Backgrounder, updated July 26. ([url](#))

Recommended reading:

- Krugman, Obstfeld & Melitz (10th ed), Chapter 8, pp. 164-188. (*Blackboard*)
- Postrel, Virginia. 2005. "What happened when two countries liberalized trade? Pain, then gain." *New York Times*, Jan 27. ([url](#)) ([link](#) to Trefler 2004 *AER* paper referenced – *AER* paper not required reading)

Wed, Oct 18. Lecture 12 – Beyond Comparative Advantage: External Economies of Scale and Trade

Required reading:

- Gerber, Chapter, pp. 101-109.

Recommended reading:

- World Bank. 2008. *World Development Report 2009*. Washington DC: World Bank. ([url](#)) (esp relevant: Chapter 4)

Mon, Oct 23. Lecture 13 – Multinationals, FDI and Offshoring

Required reading:

- Krugman, Obstfeld & Melitz (10th ed), Chapter 8, pp. 190-201. (*Blackboard*)
- Economist. 2013. "Staying put." *Special Report: Outsourcing and Offshoring, Print Edition*, Jan 19. ([url](#))
- _____. 2013. "Reshoring manufacturing: Coming home." *Special Report: Outsourcing and Offshoring, Print Ed*, Jan 19. ([url](#))

Wed, Oct 25. Lecture 14 – Economies of Scale, Trade, and Trade Agreements

DEBATE 3: Should the U.S. stay in NAFTA? Has NAFTA benefited all parties?

Required reading:

NOTE: All frameworks/readings since the exam are useful in this debate, not just the readings below.

- Hufbauer, Gary Clyde, Cathleen Cimino and Tyler Moran. 2014. "NAFTA at 20: Misleading Charges and Positive Achievements." *Peterson Institute for International Economics Policy Brief No. PB14-13*. ([url](#))
- JP Morgan. 2014. *NAFTA Turns 20*. November. ([url](#))
- Swanson, Ana. 2016. "We're totally misunderstanding the difference between Mexico and China." *Wonkblog*. Washington Post, December 19. ([url](#))

Mon, Oct 30. Lecture 15 – Cross-border Labour Flows (Migration I): What is the Impact in Host Countries?

CASE: Mariel Boat Lift and U.S. Bracero Program

Required reading:

- Feenstra & Taylor Chapter 5, pp. 123-144, 151-154
- Jiang, Jess. 2015. "Episode 654: When the Boats Arrive." *Planet Money*. NPR. Podcast audio, September 30. ([audio](#))
- Preston, Ian. 2014. "The effect of immigration on public finances." *VoxEU.org*, November 5. ([url](#))
- Clemens, Michael, Ethan Lewis, and Hannah Postel. 2017. "The impact of immigration barriers on native workers: Evidence from the US exclusion of Mexican braceros." *VoxEU.org*, April 17. ([url](#))

Recommended reading:

- Borjas, George. 2013. "Immigration and the American Worker: A Review of the Academic Literature." Center for Immigration Studies, April. ([url](#))
- D'Amuri, Francesco and Giovanni Peri. 2010. "Immigration and productive tasks: Can immigrant workers benefit native workers?" *VoxEU.org*, October 31. ([url](#))
- Peri, Giovanni, Kevin Shih and Chad Sparber. 2014. "How highly educated immigrants raise native wages." *VoxEU.org*, May 29. ([url](#)) ([link](#) to the actual NBER working paper no. 20093, and non-technical [summary](#) in October 2014 NBER digest)

Wed, Nov 1. Lecture 16 – Cross-border Labour Flows (Migration II): What is the Impact on Sending Countries?

Required reading:

- Ratha, Dilip, Supriyo De, Ervin Dervisevic, Sonia Plaza, Kirsten Schuettler, William Shaw, Hanspeter Wyss, Soonhwa Yi, and Seyed Reza Yousefi. 2013. "Migration and Remittances: Recent Developments and Outlook." *World Bank Migration and Development Brief*, April 13. ([url](#))
- Feenstra & Taylor Chapter 5, pp. 154-159.

DEBATE 4: Should we globalize labour?

NOTE: All frameworks/readings in the last class and this one are useful in this debate, not just the readings below.

Required reading:

- deParle, Jason. 2007. "Should We Globalize Labor Too?" *New York Times Magazine*, June 10. ([url](#))
- Hussein, Zahid. 2014. "Can International Remittances be Unproductive in Recipient Countries? Not Really!" *World Bank End Poverty in South Asia Blog*, February 16. ([url](#))
- _____. 2014. "The Bangladesh Remittance Story Reaffirmed." *World Bank End Poverty in South Asia Blog*, Aug 7. ([url](#))
- Economist. 2016. "Migrant workers in the UAE: Wages of chagrin." *Print edition*, April 9. ([url](#))

Recommended reading:

- Ratha, Dilip. 2009. "Dollars Without Borders." *Foreign Affairs*, October 16. Accessed August 13, 2016. ([url](#))

Part III – Trade Policy and Institutions

Mon, Nov 6. Lecture 17 – Instruments of Trade Policy: Tariffs and Quotas

Required reading:

- Gerber, Chapter 6, pp. 114-133.
- Irwin, *Free Trade Under Fire*, Chapter 3, pp. 77-99.
- Weisman, Jonathon. 2009. "U.S. to Impose Tariffs on Chinese Tires." *Wall Street Journal*, September 13. ([pdf](#))

Wed, Nov 8. Lecture 18 – Instruments of Trade Policy: Non-tariff barriers and Industrial Policy /

Political Economy of Trade Policy

Required reading:

- Gerber, Chapter 5, pp. 103-112.
- Gerber, Chapter 7, pp. 136-154.
- Irwin, *Free Trade Under Fire*, Chapter 5, pp. 164-188.
- Bown, Chad. 2017. "Rogue 301: Trump to Dust Off Another Outdated U.S. Trade Law?" *Trade and Investment Policy Watch*, Peterson Institute of International Economics, August 3. ([url](#))
- Economist. 2002. "Just say no: Why protecting American steel is such a bad idea." *Print Edition*, Feb 28. ([pdf](#))
- WBUR. 2009. *Global Trade Realities*. On Point with Tom Ashbrook. Podcast, September 24. ([podcast](#)) (45mins)

Mon, Nov 13. Lecture 19 – Debate / International Trade Institutions: GATT and WTO

DEBATE 5: Should trade policy be used for domestic redistribution?

NOTE: All frameworks/readings in the course so far are useful in this debate, not just the readings below.

Required reading:

- Aldonas, Grant D., Robert Z. Lawrence and Matthew J. Slaughter. 2008. *Succeeding in the Global Economy: An Adjustment Assistance Program for the American Worker*. Washington DC: The Financial Services Forum. ([url](#))
- Irwin, *Free Trade Under Fire*, Chapter 2 (Politics of protection/Is protection ever beneficial?) pp. 44-76.
- Irwin, *Free Trade Under Fire*, Chapter 3 (Politics of protection/Is protection ever beneficial?) pp. 99-113.
- Postrel, Virginia. 2005. "What happened when two countries liberalized trade? Pain, then gain." *New York Times*, Jan 27. ([url](#)) (not required: [link](#) to paper referenced Trefler 2004 AER)

Required reading:

- Gerber, Chapter 2, pp. 17-23 (International Institutions).

Wed, Nov 15. Lecture 20 – Political Economy of International Trade Cooperation: WTO and DSM

CASE: U.S.–Brazil Cotton Wars

Required reading:

- Gerber, Chapter 2, pp. 28-37.
- Baldwin, Richard. 2016. "The World Trade Organization and the Future of Multilateralism." *Journal of Economic Perspectives* 30(1): 95-116. ([url](#))
- Irwin, *Free Trade Under Fire*, Chapter 7, pp. 239-269.
- Joffe-Walt, Channa. 2010. "The Friday Podcast: The Cotton Wars." *NPR Planet Money*, October 29. ([podcast](#))

Recommended reading:

- Bown, Chad P. 2009. "US-China Trade Conflicts and the Future of the WTO." *Fletcher Forum of World Affairs*, 33: 27. ([url](#))
- Chan, Sewell. 2010. "U.S. and Brazil Reach Agreement on Cotton Dispute." *New York Times*, April 6. ([url](#))
- Mankiw and Swagel. 2005. "Anti-Dumping: The Third Rail of Trade Policy." *Foreign Affairs WTO Special Ed.* ([url](#))

***** WRITTEN ANALYSIS 1 due on Friday, November 17 at 3:00pm *****

Not applicable to students in Debates 3, 4, and 5

Mon, Nov 20. Lecture 21 – Regional Trade Agreements

CASE: Brexit

Required reading:

- Gerber, Chapter 2, pp. 23-28.
- Gerber, Chapter 13, pp. 322-323. *AGOA*.
- Gerber, Chapter 14, pp. 326-355. *The European Union: Many Markets Into One*
- Gerber, Chapter 15, pp. 376-377. *Regional Trade Blocs in Latin America*.
- Irwin, *Free Trade Under Fire*, Chapter 7 (Regional Trade Agreements), p.281-294.
- Economist. 2014. "Free trade agreements: A better way to arbitrate." *Print Edition*, October 11. ([url](#)) ([pdf](#))
- Economist. 2014. "Economic integration and the 'four freedoms': Why the free movement of labour is essential to Europe's economic project." *Free Exchange blog*, December 10. ([url](#))
- Fenton, Siobhan. 2017. "The Irish border is the canary in the Brexit coalmine." *Prospect*, July 31. ([url](#))

Recommended reading:

- Bollyky, Thomas J. and Anu Bradford. 2013 "Getting to Yes on Transatlantic Trade." *Foreign Affairs*, July 10. ([url](#))
- Liao, Rebecca. 2015. "Fair trade: The TPP's promises and pitfalls." *Foreign Affairs*, December 3, 2015. ([url](#))

Wed, Nov 22. **THANKSGIVING BREAK** No class.

Mon, Nov 27. Lecture 22 – Labour and Environmental Standards in International Trade Agreements

CASE: Labour/environmental standards in WTO and TPP

Required reading:

- Gerber, Chapter 8, pp. 156-177
- Irwin, *Free Trade Under Fire*, Chapter 2, pp. 63-74; Chapter 7 (Environmental Regulations / WTO Rules), 269-281.
- Elliott, Kimberly Ann, Eric Gravel, Michael Hobby, Pablo Lazo Grandi, Francis Maupain, Kimberly Nolan García, Rafael Peels, Adriana Rossi, Jeffrey Vogt and the EU Commission staff. 2015. "Social Dimensions of Free Trade Agreements." *Studies on Growth with Equity*. International Labour Organisation and International Institute for Labour Studies. ([url](#))
- Economist. 2013. "Air trade: Can trade restrictions be justified on environmental grounds?" *Print Ed.*, Feb 23. ([pdf](#))
- Harris, Jonathon M. 2004. "Trade and the Environment." Global Development and Environment Institute, Tufts University.
- WTO. *An introduction to trade and environment in the WTO*. Accessed Aug 16, 2016. ([url](#))

Recommended reading:

- Cosbey, Aaron. 2016. "The Trade Implications of the Paris COP21 Agreement." International Trade Working Paper 2016/17. Commonwealth Secretariat, London. ([url](#))
- Economist. 2015. "The best is the enemy of the green." *Print Edition*, Dec 5. ([url](#))
- Frankel, Jeffrey. 2009. *Environmental Effects of International Trade*. Expert Report No. 31 to Sweden's Globalisation Council. pp. 6-21, 31-49.

Wed, Nov 29. Lecture 23 – Trade Policy for Developing Countries: ISI vs Export Oriented Policies

Required reading:

- Irwin, *Free Trade Under Fire*, Chapter 6
- Haddad, Mona and Ben Shepherd. 2011. "Export-led growth: still a viable strategy after the crisis?" *VoxEU.org*, April 12. ([url](#))
- Rodrik, Dani. 2001. *The Global Governance of Trade as if Development Really Mattered*. New York: United Nations Development Program. *Read pages 9-21.* ([url](#))

Recommended reading:

- Gerber, Chapter 15: Trade and Policy Reform in Latin America.
- Gerber, Chapter 16: Export-Oriented Growth in East Asia.

Mon, Dec 4. Lecture 24 – Trade Policy for Developing Countries:

Required reading:

- Elliott, Kimbly Ann. 2008. "Chapter 7: U.S. Trade Policy and Global Development." In *The White House and the World: A Global Development Agenda for the Next U.S. President*. Ed. Nancy Birdsall. Center for Global Development, DC. ([url](#))
- Lawrence, Robert Z. and Terra Lawson-Remer. 2016. "Making US Trade and Investment Policies Work for Global Development." Peterson Institute of International Economics *Policy Brief 16-21*, November. ([url](#))
- Rodrik, Dani. 2001. *The Global Governance of Trade as if Development Really Mattered*. New York: United Nations Development Program. *Read remaining article.* ([url](#))
- Economist. 2015. "Making towels in India: Dry run." *Print Edition*, July 9. ([url](#))
- OECD. 2013. "Aid for Trade: Helping developing countries trade their way out of poverty" *OECD Insights* blog, Jan 14 ([url](#))

Recommended reading:

- Sutherland, Peter D. 2008. "Transforming Nations." *Foreign Affairs*, March 2. Accessed June 16, 2016. ([url](#))
- TU, Xinquan and Guijun Lin. "The revival of industrial policy: How should the WTO address it?" Paper presented at the Trade and Development Symposium: Perspectives on the Multilateral Trading System.

Wed, Dec 6. Exam 2 Review

Mon, Dec 11. EXAM 2

***** POLICY PROPOSAL due on Saturday, December 16 at 3:00pm *****
Applicable to ALL students