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Fall 2020

DIPL 4555 AA/AB Economic Aspects of International Affairs

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Seton Hall University

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Seton Hall University
School of Diplomacy and International Relations

DIPL 4555 AA/AB
Economic Aspects of International Affairs
Fall 2020

*** Meets online via Zoom ***

Syllabus

Coronavirus Safety: DIPL 4555 is online this semester. Nonetheless, I know some of you are taking classes in Hyflex mode and I wanted to note here that mitigation measures for containing the spread of the Covid-19 is extremely important. In accordance with the Seton Hall pledge, students must wear a mask in class, maintain required social distancing, and not come to class if you are ill. No mask, no class. The pledge can be found here: <https://www.shu.edu/health-intervention-communication/seton-hall-pledge.cfm>

COURSE ACCESS INFORMATION

Instructor: Professor Nabeela N. Alam

Email: nabeela.alam@shu.edu (Please put DIPL 4555 AA or DIPL 4555 AB in the subject line)

Student (office) hours: MT 2:00-3:30pm and by appointment via Zoom

Meeting ID: 878 3928 8843

Passcode: 5jwibP

<https://us02web.zoom.us/j/87839288843?pwd=VzE2dDV6N0JJTk02YXpscWpKcC9Td09>

Class times and Zoom links:

Section AA: MW 9:30 am – 10:45 am

Meeting ID: 842 0910 0040

Passcode: mV0Qjj

<https://us02web.zoom.us/j/84209100040?pwd=OHpldXdmRlZyaWhlY2k3aGpMREtMZz09>

Section AB: MW 11:00 am – 12:15 pm

Meeting ID: 858 1233 5908

Passcode: Pc5NT8

<https://us02web.zoom.us/j/85812335908?pwd=Y0ljOTFoRUFCSEtMlZ3pySDNWMEtvdz09>

COURSE DESCRIPTION

Is the USMCA better than NAFTA? Who wins from a US-China trade war? Will Brexit bring prosperity to the UK? What role does international trade and investment play in a Covid-19 vaccine? These current issues in international economics directly impact international relations. 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. Once validated with empirical evidence, we can carefully apply the frameworks to ongoing situations to predict the impact of different policy options.

Throughout the course, we will use 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. Topics covered in the course include the impact of trade patterns 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. In DIPL 4555, we will view these issues through economics lens to identify the mechanisms at work and to use this knowledge to evaluate and recommend policies.

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

COURSE OBJECTIVES

The course cultivates the use of analytical and critical-thinking tools to study the economic underpinnings of international relations. It is geared towards upper level undergraduates who have completed ECON 1402 Principles of Microeconomics. These tools will help you in your everyday capacity as a citizen, and in your professional endeavours. You will apply 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 is one required textbook and recommended textbook for the course:

Required: Douglas Irwin. *Free Trade Under Fire, 4th Edition*. Princeton University Press, 2015. (*url*)

Recommended: James Gerber. *International Economics, 6th Edition*. Pearson, 2014. (*url*)

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 (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 four main components:

- | | |
|---------------------------------------|-----|
| • Quizzes (Best 5 out of ...?) | 10% |
| • Class participation and preparation | 15% |
| • Policy debate analyses | 25% |
| Discussion lead (10%) | |
| Written analysis (15%) | |
| • Two 75 minute 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 online through Blackboard, and I will let you know at least 3 days in advance. They are open book and notes but you will have 20 minutes to answer once you open the quiz. I will count the best five out of 7 or more 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 policy debates that the class will discuss together and in small breakout groups of 5. I will pre-assign you to breakout groups and you will stay in this group the entire semester. Each time we have a policy debate, I will assign each group a set of questions to work out in separate breakout sessions during class. When we regroup, the assigned discussion leader for that day for each group will then report back to the class the answers the group came up with.

- Each student will be a discussion leader in **ONE policy debate**, which counts for 10% of the total grade.
- Each student will also submit via Blackboard **ONE written analysis** (worth 15%) of a listed debate or case that already took place in the half of the semester s/h/ze did not lead a discussion. The **due dates** are
 - **Saturday, September 26** at 6:00 pm (before Exam 1) and
 - **Saturday, November 21** at 6:00 pm (after Exam 1).

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 **Monday, October 5** and on **Monday, December 7 for Section AA (9:30am)** and on **Friday, December 11 for Section AB (11am)**. 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 via Zoom.

COURSE POLICIES

Attendance in all class sessions is required and I will record 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. Note that absences can negatively impact your overall grade. Repeated instances of lateness can be treated as absences at the discretion of the instructor. Repeated instances of absences may result in a failing grade.

Late or incomplete work. If you anticipate not being able to complete an assignment (quiz or analysis) on time you should let me know in advance and I can give you an extension. Absent prior communication, late submissions will be penalized 25% of your score for every 24-hour period that the assignment is late, except in cases of medical/family emergency or Covid-19 issues.

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. Note that re-grades will not be limited to the disputed part of the exam or assignment.

Covid-19 ground rules. BUT, as I mentioned in my welcome email to the class, we are going through a pandemic and I understand there are many sources of worry and uncertainty. So, if you tell me **in advance** that you need more time to complete an assignment, need extra help, or you have to miss class, I will work with you. You don't have to tell me why you need an extension, and I am not going to ask for personal information. I will also conduct a check-in survey every two weeks to make sure you are keeping up with work and are not struggling. But don't wait for the next check-in if you need help sooner. I can also point you to different resources on campus if you need help outside of academics.

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

SCHOOL OF DIPLOMACY POLICIES

Disability Services Statement. 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.

Academic Integrity & Dishonesty. 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: <https://www.shu.edu/student-life/upload/Student-Code-of-Conduct.pdf> and <http://www.shu.edu/academics/diplomacy/academic-conduct.cfm>

Incompletes. Incompletes 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.

CAMPUS RESOURCES

CAPS As part of our commitment to the health and well-being of all students, Seton Hall University’s Counseling and Psychological Services (CAPS) offers initial assessments, counseling, crisis intervention, consultation, and referral services to the SHU community. The CAPS office is located on the second floor of Mooney Hall, room 27. Appointments can be made in-person or by calling 973-761-9500 during regular business hours, Monday-Friday, 8:45 a.m. - 4:45 p.m. In case of a psychological emergency, call CAPS (973-761-9500) at any time to speak to a crisis counselor. For more information, please visit: <https://www.shu.edu/counseling-psychologicalservices/index.cfm>

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 24. Session 1 – Introduction and Class Logistics

Required material:

- Irwin, *Free Trade Under Fire*, Chapter 1, pp. 9-17.
- Bown, Chad and Soumya Keyenes. 2020. "Vaccine economics, and why we need trade to end the pandemic." *Trade Talks podcast episode 136*, August 13. (21 minutes)
(You can also listen to the Trade Talks podcast on Google Podcasts, Spotify, iTunes, or Stitcher on your smart devices, or online at <https://www.tradetalkspodcast.com/>)

Recommended reading:

- Gerber, Chapter 1, pp. 2-16.
- Gerber, Chapter 2, pp. 17-23, 28-32.
- 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
- Economist. 2004. "The travelling bra salesman's lesson." *The World in 2005 Print Edition*, November 17. (url)

Wed, Aug 26. Session 2 – "Global Economic Integration: What's New and What's Not?"

Required reading:

- 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)

Recommended reading:

- Bradsher, Keith. 2013. "Hauling New Treasure Along the Silk Road." *New York Times*, July 20. (url) (Skim)
- Gerber, Chapter 13, pp. 300-307. *The United States in the World Economy*.
- Levinson, Marc. 2008. Freight pain. *Foreign Affairs* 87(6), 133-140. (url1) (url2)

Mon, Aug 31. Session 3 – Gravity Model and Patterns of Trade

POLICY DEBATE 1: Can Great Britain replace the EU with other trading partners after Brexit?

SKILL ALERT: Evaluating the validity of information – source and methods integrity

- Deciding on valid sources of information: expert vs non-expert opinions
- Conflicting information between two expert sources: which expert source do you believe?

Required reading:

- Sampson, Thomas, Swati Dhingra, Gianmarco Ottaviano, and John Van Reenan. 2016. "The 'Britain Alone' scenario: how economists for Brexit defy the laws of gravity." *LSE Blog*, June 2. (url)

Recommended reading:

- Bradsher

Wed, Sep 2. Session 4 – Microeconomic Tools for Trade Analysis

Required material:

- 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 8:22)
- Tyler Cowen. 2015. *The Big Ideas of Trade*. Marginal Revolution University, Principles of Economics: Microeconomics. (video 8:01)

Mon, Sep 7. **LABOUR DAY** No class.

Wed, Sep 9. Session 5 – Comparative Advantage and Technology: Specialization and Gains from Trade in the Ricardian Model

Required material:

- Irwin, *Free Trade Under Fire*, Chapter 2 (Specialization & Trade/Comparative advantage), pp. 31-50.
- Bordeaux, Dan. 2015. *Comparative Advantage*. Marginal Revolution University, Principles of Economics: Microeconomics. ([video 7:1-4](#))
- Rampell, Catherine. 2013. "Outsource Your Way to Success." *The New York Times Magazine*, Nov 5. ([url](#)) (Skim)

Recommended material:

- Gerber Chapter 3, pp. 40-54
- 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 12:2-4](#))

Mon, Sep 14. Session 6 – Comparative Advantage & Technology: Wages & Productivity in the Ricardian Model

Required reading:

- Irwin, *Free Trade Under Fire*, Chapter 2 (Productivity Gains/Additional Benefits of Trade), pp. 50-63.
- Irwin, *Free Trade Under Fire*, Chapter 4 (Offshoring and Trade in Services), pp. 133-136.

Recommended reading:

- Gerber, Chapter 4, 81-83
- Amiti, Mary and Shang-Jin Wei. 2004. "Demystifying Outsourcing." *Finance and Development*, Dec., pp.36-39. ([url](#))
- Irons, John and Tyler Cowen. 2004. "The Rise of Outsourcing." *Wall Street Journal, Blog*, November 9. ([url](#))
- Economist. 2013. "Services: The next big thing." *Special Report: Outsourcing and Offshoring, Print Edition*, Jan 19. ([url](#))

Wed, Sep 16. Session 7 – Policy Implications of Ricardian Model of Specialization and Trade

POLICY DEBATE 2: Cheap labour – Is it good for low-income countries? Is it unfair competition for high-income countries?

Required reading:

- Irwin, *Free Trade Under Fire*, Chapter 6, pp. 222-233.
- Banerjee, Ansheta. 2018. "Beyond Third Party Monitoring: Post-Rana Plaza Interventions." *Economic and Political Weekly* 53(16). ([url](#))
- Bardhan, Pranab. 2006. "Does globalization help or hurt the world's poor? Overview – Globalization and poverty." *Scientific American*, March 26. ([url](#))
- Doepke, Matthias and Fabrizio Zilibotti. 2009. "Child labour: Is international activism the solution or the problem?" *VoxEU*, October 12. ([url](#))
- Harford, Tim. 2010. "Why anti-sweatshop campaigns might just do it after all." *The Financial Times*, May 8. ([url](#))

Recommended reading:

- Gerber Chapter 3, pp. 54-60
- Dehesa, Guillermo de la. 2007. "Are developing countries engaging in social dumping?" *VoxEU*, May 24. ([url](#))
- 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](#))

Mon, Sep 21. Session 8 – Comparative Advantage & Factor Endowments: Specialization & Trade in HOV Model

Required reading:

- 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](#))

Recommended reading:

- Gerber, Chapter 4, pp. 63-71, 74-75, 78-79.

Wed, Sep 23. Session 9 – Comparative Advantage & Factor Endowments: Trade, Jobs, & Wages in HOV Model

Required reading:

- Irwin, *Free Trade Under Fire*, Chapter 4, pp. 114-133.
- 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](#))

Recommended material:

- Gerber, Chapter 4, pp. 85-89.
- 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*. ([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](#))

***** WRITTEN ANALYSIS due on Saturday, September 26 at 6:00pm *****

Not applicable to student discussion leaders in Policy Debates 1, 2, and 3

Mon, Sep 28. Session 10 – The Short-Run Specific Factors Model

***** Will skip if we fall behind *****

Required reading:

- Gerber, Chapter 4, pp. 71-73 (Specific Factors). ([Blackboard](#))

Recommended reading:

- Gerber, Chapter 15, pp. 357-369.

Wed, Sep 30. Session 11 – Comparative Advantage and Trade between High-income and Low-income Countries

POLICY DEBATE 3: 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.

- Irwin, *Free Trade Under Fire*, Chapter 4, pp. 146-163.
- 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](#))
- Autor, David. 2018. "Trade and labor markets: Lessons from China's rise." *IZA World of Labor Article No. 431*. ([url](#))
- Harrison, Ann, Avraham Ebenstein, Margaret McMillan, and Shannon Phillips. 2009. "International Trade, Offshoring and US Wages." *VoxEU.org*, August 31. ([url](#))
- Economist. 2013. "Rise of the software machines." *Special Report: Outsourcing and Offshoring, Print Edition*, Jan 19. ([url](#))
- Solinger, Marc. 2017. "Why China is sending jobs to Africa?" *Public Radio International*, Aug. 7. ([podcast](#)) (14:19 mins)

Recommended reading:

- Gerber, Chapter 17, pp. 412-417, 425-435.
- 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](#))
- 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](#))
- Blinder, Alan S. 2007. "Free Trade's Great, but Offshoring Rattles Me." *Washington Post*, May 6. ([url](#))
- Farrell, Diana. 2007. "U.S. Offshoring: Small Steps to Make It Win-Win." in *Economists' Voice*, p.43-50 ([url](#))

Recorded Review of Exam Topics + Extra Office Hours

Mon, Oct 5. Session 12 – EXAM 1

Part II – New Trade Theories and Their Applications

Wed, Oct 7. Session 13 – Beyond Comparative Advantage: Internal Economies of Scale and Intra-Industry Trade

Required reading:

- Chatzky, Andrew, James McBride, and Mohammed A. Sergie. 2020. *NAFTA and the USMCA: Weighing the Impact of North American Trade*. Council on Foreign Relations Backgrounder, last updated July 1. ([url](#)) **[Read first 2 sections.]**
- 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)

Recommended reading:

- Gerber, Chapter 5, pp. 92-101.
- Gerber, Chapter 13, pp. 307-322. *The United States in the World Economy: NAFTA*.
- Krugman, Obstfeld & Melitz (10th ed), Chapter 8, pp. 164-188. (*Blackboard*)

Mon, Oct 12. Session 14 – Beyond Comparative Advantage: External Economies of Scale and Trade

Recommended reading:

- Gerber, Chapter 5, pp. 101-109.
- World Bank. 2008. *World Development Report 2009*. Washington DC: World Bank. ([url](#)) (esp relevant: Chapter 4)

Wed, Oct 14. Session 15 – Multinationals, FDI and Offshoring

Required reading:

- Krugman, Obstfeld & Melitz (10th ed), Chapter 8, pp. 190-201. (*Blackboard*)
- Oldenski, Lindsay. 2015. "Reshoring by U.S. Firms: What Do the Data Say?" *Peterson Institute for International Economics Policy Brief No. PB15-14*, September. ([url](#))
- Economist. 2013. "Staying put." *Special Report: Outsourcing and Offshoring, Print Edition*, Jan 19. ([url](#))

Mon, Oct 19. Session 16 – Economies of Scale, Trade, and Trade Agreements

POLICY DEBATE 4: Is the new USMCA superior to 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.

- Chatzky, Andrew, James McBride, and Mohammed A. Sergie. 2020. *NAFTA and the USMCA: Weighing the Impact of North American Trade*. Council on Foreign Relations Backgrounder, last updated July 1. ([url](#)) **[Read first 2 sections.]**
- 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](#))
- Swanson, Ana. 2016. "We're totally misunderstanding the difference between Mexico and China." *Wonkblog*, Washington Post, December 19. ([url](#))

Recommended reading:

- 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)
- Bown, Chad. 2018. "The five surprising things about the USMCA trade agreement." *Washington Post Monkey Cage Blog*, October 9. (*url*)

Wed, Oct 21. Session 17 – Mon, Oct 28. Session 15 – Migration: Impact in Host Countries

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

Required material:

- Feenstra & Taylor Chapter 5, pp. 123-144, 151-154 (**Ok to read after class.**)
- 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*)

Mon, Oct 26. Session 18 – Migration: Impact in 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*) (**skim**)
- Feenstra & Taylor Chapter 5, pp. 154-159.

POLICY DEBATE 5: 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:

- Clemens, Michael. 2020. "Emigration rises along with economic development. Aid agencies should face this, but not fear it." Center for Global Development, August 18. (*url*)
- 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*)

Recommended reading:

- Ratha, Dilip. 2009. "Dollars Without Borders." *Foreign Affairs*, October 16. Accessed August 13, 2016. (*url*)
- Economist. 2016. "Migrant workers in the UAE: Wages of chagrin." *Print edition*, April 9. (*url*)

Part III – Trade Policy and Institutions

Wed, Oct 28. Session 19 – Instruments of Trade Policy: Tariffs and Quotas

Required reading:

- Gerber, Chapter 6, pp. 114-133. (*Blackboard*) (Ok to read after class.)
- Irwin, *Free Trade Under Fire*, Chapter 3, pp. 77-99.
- Cuñat, Alejandro and Robert Zymek. 2020. "Hidden causes and hidden effects: Bilateral trade imbalances." VoxEU, February 17. (*url*)

Recommended reading:

- Blanchard, Emily. 2019. "Trade wars in the global value chain era." VoxEU, June 20. (*url*)
- Carrère, Céline, Anja Grujovic, Frédéric Robert-Nicoud. 2019. "Quantifying the effects of Trump's protectionist policies." VoxEU, November 13. (*url*)

Mon, Nov 2. Session 20 – Instruments of Trade Policy: Non-tariff barriers/Political Economy of Trade Policy

Required material:

- 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*)

Recommended reading:

- Gerber, Chapter 7, pp. 136-154.
- WBUR. 2009. *Global Trade Realities*. On Point with Tom Ashbrook. Podcast, September 24. (*podcast*) (45mins)

Wed, Nov 4. Session 21 – 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 (only the first reading is new, remaining three were required previously):

- Irwin, *Free Trade Under Fire*, Chapter 3 (Politics of protection/Is protection ever beneficial?) pp. 99-113.
- Irwin, *Free Trade Under Fire*, Chapter 2 (Gains from Trade/Environment) pp. 44-76.
- Aldonas, Grant D., Robert Z. Lawrence and Matthew J. Slaughter. 2008. *Sweeving in the Global Economy: An Adjustment Assistance Program for the American Worker*. Washington DC: The Financial Services Forum. (*url*)
- 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)

Mon, Nov 9. Session 22 – Political Economy of International Trade Cooperation: WTO and DSM

CASE: U.S.–Brazil Cotton Wars

Required material:

- 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*, Oct 29. (*podcast* 32 mins)
- Zedillo, Ernest. 2019. "Act now to save the WTO." VoxEU, December 5. (*url*)

Recommended reading:

- Gerber, Chapter 2, pp. 28-37.
- 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*)

Recommended reading:

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

Wed, Nov 11. Session 23 – Regional Trade Agreements

CASE: Brexit

Required reading:

- Irwin, *Free Trade Under Fire*, Chapter 7 (Regional Trade Agreements), p.281-294.
- 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](#))

Recommended reading:

- Gerber, Chapter 2, pp. 23-28.
- Gerber, Chapter 14, pp. 326-355. *The European Union: Many Markets Into One* (skim quickly to get an idea of EU)
- Gerber, Chapter 15, pp. 376-377. *Regional Trade Blocs in Latin America*.
- Bollyky, Thomas J. and Anu Bradford. 2013 "'Getting to Yes on Transatlantic Trade.'" *Foreign Affairs*, July 10. ([url](#))
- Economist. 2014. "Free trade agreements: A better way to arbitrate." *Print Edition*, October 11. ([url](#)) ([pdf](#))
- Liao, Rebecca. 2015. "Fair trade: The TPP's promises and pitfalls." *Foreign Affairs*, December 3, 2015. ([url](#))
- Fenton, Siobhan. 2017. "The Irish border is the canary in the Brexit coalmine." *Prospect*, July 31. ([url](#))

Mon, Nov 16. Session 24 – Environmental Standards in the WTO and International Trade Agreements

POLICY DEBATE 6: Should the WTO rules include environmental standards?

Required reading:

- Irwin, *Free Trade Under Fire*, Chapter 2, pp. 63-74; Chapter 7 (Environmental Regulations / WTO Rules), 269-281.
- 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:

- Gerber, Chapter 8, pp. 156-177
- Cosby, 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](#))
- Elliott, Kimberly Ann, Eric Gravel, Michael Hobby, Pablo Lazo Grandi, Francis Maupain, Kimberly Nolan Garcia, 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](#))
- Frankel, Jeffrey. 2009. *Environmental Effects of International Trade*. Expert Report No. 31 to Sweden's Globalisation Council. pp. 6-21, 31-49.

Wed, Nov 18. Session 25 – Health Standards in the WTO and International Trade Agreements

Required reading:

- WHO. 2006. "Access to AIDS medicines stumbles on trade rules." *Bulletin of the World Health Organization* 84(5): 337-424. ([url](#))
- UNAIDS. 2012. "Getting to zero AIDS-related deaths: TRIPS and the potential impacts of free trade agreements." June 1. ([url](#))

***** WRITTEN ANALYSIS due on Saturday, November 21 at 6:00pm *****
Not applicable to student discussion leaders in Policy Debates 4, 5, 6, and 7

Mon, Nov 23. Session 26 – Trade Policy for Developing Countries

Required reading:

- Gerber, Chapter 13, pp. 322-323. *AGOA*. (Blackboard)
- 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](#))
- OECD. 2013. “Aid for Trade: Helping developing countries trade their way out of poverty” *OECD Insights* blog, Jan 14 ([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.
- Elliott, Kimbrly 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](#))

Wed, Nov 25. THANKSGIVING BREAK No class.

Mon, Nov 30. Session 27 – Covid-19 Crisis and International Cooperation in Trade and Investment

POLICY DEBATE 7 – What should international cooperation on a Covid-19 vaccine look like?

Required reading:

- Athey, Susan, Michael Kremer, Christopher Snyder, and Alex Tabarrok. 2020. “In the race for a Coronavirus vaccine, we must go big. Really, really big.” *The New York Times Opinion*, May 4. ([url](#))
- Kominers, Scott Duke and Alex Tabarrok. 2020. “Vaccines use bizarre stuff. We need a supply chain now.” *Bloomberg Business Opinion*, August 18. ([url](#))
- Keynes, Soumya and Chad Bown. 2020. “Coronavirus and trade restrictions.” *Trade Talks Podcast*, March 14. ([audio](#))
- Bown, Chad. 2020. “EU limits on medical gear exports put poor countries and Europeans at risk.” *PIIE Trade Investment and Policy Watch*, March 19. ([url](#))

Wed, Dec 2. Session 28 – Wrap-up

Recorded Review of Exam Topics + Extra Office Hours

Mon, Dec 7. DIPL 4555 AA EXAM 2

Fri, Dec 11. DIPL 4555 AB EXAM 2