

**Economics 7020-001**  
**International Trade and Trade Policy**  
Fall 2021, Tues./Thurs. 3-4:20 pm, Credit Hours: 3

Instructor – C. Jean Arment, PhD

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Office Hours – Individual zoom meetings can be arranged with the instructor.

### **Course Purpose and Objectives**

The central purpose of this course is to introduce students to a variety of current debates on the meanings and nature of current patterns of globalization with a special emphasis on international trade, trade policy and the trade institutions that currently govern the world economy. Throughout the course, we will:

1. Situate current international trade issues within a broad historical context that emphasizes both the benefits and the risks to international interdependence.
2. Take a history of thought of approach to examining theories of international trade, beginning with Mercantilism, discussing Smith's theory of Absolute Advantage, Ricardo's version of Comparative Advantage, and the Heckscher-Ohlin model and its variations, with some emphasis on its distributional aspects.
3. Discuss more recent trade model adaptations that emphasize such features as geography, imperfect competition, strategic trade theory, as well as the standard arguments for and against free trade.
4. Juxtapose the standard views on trade liberalization and economic development (according to the "mainstream" models) with those that are critical of the current patterns and institutions (such as the World Bank, the IMF and the WTO) of "globalization".
5. As class interest and time permits, examine and discuss the trade-related aspects of a number of current issues (crises?) of our highly globalized world economy.

### **Course Requirements and Grading**

*Midterm Trade Theory/Modeling Exam: 15%*

*Paper Discussion Leads: 20%.*

Two short referee reports (5 pages maximum)/class discussion leads on two papers of your choice from the "Supplemental Readings" sections. A sign up sheet will be circulated early in the semester to ensure that we get coverage of a broad set of readings. Your short report should outline the paper's research question, method, assumptions, findings, and implications for policy but may also add suggestions for improvement. You must also prepare a one-page handout for the class to promote discussion of the article. You may also prepare a Powerpoint (or other type of) presentation. The central intent is to use these reports to generate class discussion during the assigned lecture time. Your essays, handouts, and slides (if any) should be e-mailed to me by 5 pm on Sunday for a

Tuesday presentation or by 5 pm Tuesday for a Thursday presentation. These files will then be made available to the class to help promote discussion. Each paper lead = 10%.

*Book Review Presentation: 20%*

This requirement consists of a class presentation of a contemporary non-fiction book on some aspect of international trade and resulting socio-economic ramifications. A book list will be provided by the instructor early in the semester. Presentations, which should include a power point, will be scheduled in the later part of the semester.

*Final Paper/Presentation: 40%*

Your term paper/research project will focus on some narrow *current* topic in international trade that will (1) preferably, but not necessarily, be data driven, (2) will be presented within the context of the historical patterns of trade that we will be studying, and (3) will propose potential policy recommendations/solutions. A 2-page proposal to include a convincing argument for the importance of the topic, an outline, a discussion of the methods and data you intend to use, and a short list of the relevant literature is due Friday, October 8. The final paper is due on Dec. 9, our final day of class, and it should be between 15 and 20 pages in length.

*Attendance/Participation: 5%*

All students are responsible for doing all of the reading and being prepared to discuss the material in class

**Required Text:** There is no required text for the course. Assigned readings are available either through Marriott Library's Course Reserve portal or will be posted on Canvas. However, students might find helpful for our study of formal trade models either of these two texts:

1. Van den Berg, H. 2016. *International Economics: A Heterodox Approach*. 3<sup>rd</sup> ed. Routledge. (Designated as VdB in the class schedule below.) *This book is currently available both on reserve and online through Marriott Library.*
2. Robert Feenstra and Alan Taylor (2017) *International Trade* Worth Publishers, fourth edition (or older editions)

### **TENTATIVE SCHEDULE OF TOPICS**

**Week 1: Introductions and Introduction to Themes of the Course & International Interdependence**

Van den Berg, Ch. 1 "Interdependence!" -- on the risks and benefits of interdependency

UNCTAD. Trade and Development Report: Power, Platforms and the Free Trade Delusion. 2018 [https://unctad.org/en/PublicationsLibrary/tdr2018\\_en.pdf](https://unctad.org/en/PublicationsLibrary/tdr2018_en.pdf)

## HISTORY OF INTERNATIONAL TRADE

### Weeks 2 & 3. History of International Trade

Scott, J. *Against the Grain: A Deep History of the Earliest States*, Ch. 7 “The Golden Age of the Barbarians.”

Abu-Lughod, J. 1993. *The World System in “Islamic and European Expansion: The Forging of a Global Order.”*

*Assignment:* Individually assigned short presentations from:

Abu-Lughod, J. *Before European Hegemony: The World System AD 1250-1350*.

Jomo, KS & Reinert, E. S. 2005. *The Origins of Development Economics*, Ch. 1. Reinert, E.S. & Reiner, S.A., “Mercantilism and Economic Development: Schumpeterian Dynamics, Institution-Building and International Benchmarking.”

### Pomerance, Kenneth. *The Great Divergence*

Rodrik, Dani. 2011. *The Globalization Paradox: Democracy and the Future of the World Economy*, Ch. 2 “The Rise and Fall of the First Great Globalization.”

*Supplemental Readings:*

Pomerance, Kenneth and Steven Topik. 1999. *The World Trade Created: 1400 to Present*. [This is a book of very short essays on a variety of interesting incidents, places, and people that impacted international trade.]

Clulow, Adam and Tristan Mostert (eds.). *The Dutch and English East India Companies : Diplomacy, Trade and Violence in Early Modern Asia*.

## TRADE THEORY/MODELING

### Week 4: Trade Theory in Historical Perspective

Smith, Adam. 1776. *The Wealth of Nations*. Book 1, Ch. 1, “Of the Division of Labour.”

Ricardo, David. 1911 (2004). *Principles of Political Economy and Taxation*. Ch. 7, “On Foreign Trade.”

Keynes, John Maynard. 1936. *The General Theory of Employment, Interest, and Money*, Ch. 23, “Notes on Mercantilism, The Usury Laws, Stamped Money and Theories of Under-Consumption.”

Shaikh, Anwar, ed. 2007. *Globalization and the Myths of Free Trade*. Ch. 3, Shaikh, A. “Globalization and the myth of free trade,” and Ch 4, Nayyar, Deepak, “Globalization and free trade: theory, history, and reality.”

Keynes, John Maynard. 1933. “National Self-Sufficiency,” *The Yale Review*, 22:4. (June 1933).

Smith, Adam. 1776. *The Wealth of Nations*. Book IV, Ch. 2, "Of Restraints upon the Importation from foreign Countries of such Goods as can be produced at Home."

*Supplemental Readings:*

Heckscher, Eli F. 1931. *Mercantilism*, Volumes I and II.

VdB, Ch. 9 "The History of Trade Policy," and Ch. 10 "International Trade Policy: A Holistic Perspective."

**Weeks 5 & 6: Mainstream Trade Theory, Alternatives, Critiques and Updates**

VdB, Chapters 3 & 4.

Krugman, Paul. 1990. *Rethinking International Trade*. MIT Press. Chs 1, 2 and 3.

Krugman, Paul. 2009. "The Increasing Returns Revolution in Trade and Geography." *American Economic Review*. 99:3, 561-571.

*Supplemental Readings:*

Robinson, Joan. *The New Mercantilism: an inaugural lecture*. 1966.

VdB, Ch. 10, Section 10.4.

**TRADE POLICY: INSTRUMENTS**

**Week 7: Trade Policy I: Policy Instruments & Political Goals**

VdB, Ch. 8.

Chang, Ha-Joon. 2003. *Kicking Away the Ladder: Development Strategy in Historical Perspective*. Ch. 1, "Introduction: How did the Rich Countries *Really* Become Rich?" and Ch. 2, "Policies for Economic Development: Industrial, Trade and Technological Policies in Historical Perspective."

Krugman, Paul (ed.). 1986. *Strategic Trade Policy and the New International Economics*, Chs 1 & 2.

Krugman, Paul. 1987. "Is Free Trade Passe?" *The Journal of Economic Perspectives*, 1:2, pp. 131-144. [On Canvas]

**Week 8: Fall Break**

**INTERNATIONAL TRADE IN DEVELOPMENT PERSPECTIVE**

**Weeks 9 & 10: On Trade & Uneven Development**

Love, J. 1980. "Raul Prebisch & the Origins of the Doctrine of Unequal Exchange." *Latin American Research Review*, 15:3, pp. 45-72. [On Canvas]

Blattman, Christopher, et al., 2003. "The Terms of Trade and Economic Growth in the Periphery." NBER Working Paper 9940. [On Canvas]

United Nations. 2008. *Trade & Development Report.*"

Ho, P.S. 2010. *Rethinking Trade and Commercial Policy Themes: Development Perspectives.* Chs. 3 & 4

Rodrik, Dani. 2014. "An African Growth Miracle?" Text of Richard H. Sabot Lecture delivered at the Center for Global Development, Washington, DC, April 24, 2014. [Link on Canvas]

*Supplemental Readings:*

Lewis, W. Arthur. 2015. "The Evolution of the International Economic Order." Princeton University Press: Princeton. Reprint of the original 1978 edition.

Karshenas, Massoud. 2007. "Poverty and Growth in least developed countries: some measurement and conceptual issues." In Shaikh, A. ed., *Globalization and the Myths of Free Trade.*

*Presentation of Book Reviews:*

## TRADE POLICY: INSTITUTIONS

### **Weeks 11 & 12: International Trade Policy Institutions: Bretton Woods, GATT & the WTO**

VdB, Ch. 9 "The History of Trade Policy," Sections 9.4 through 9.7.

The Brookings Institute. 2009. *Self-enforcing Trade: Developing Countries and WTO Dispute Settlement.* Ch. 1, "The WTO and GATT: A Principled History." [On Canvas]

Finnegan, William, 2003. "The Economics of Empire: Notes on the Washington Consensus." *Harper's Magazine.* [On Canvas]

Stiglitz, Joseph. 2017. *Globalization and Its Discontents Revisited: Anti-Globalization in the Era of Trump.* W. W. Norton

Akyuz, et al. 2006. "Developing Countries and the Collapse of the Doha Round, *Challenge*, 49 (6), pp. 6-19. [On Canvas]

Beckman, J. et al. 2015. *Agriculture in the Transatlantic Trade and Investment Partnership: Tariffs, Tariff-Rate Quotas, and Non-Tariff Measures*. US Department of Agriculture, Report Number 198, Economic Research Service.

*Supplemental Readings:*

VdB, Ch. 16. "The International Monetary System: Bretton Woods to the End of the Twenty-First Century."

## **CURRENT ISSUES SURROUNDING GLOBALIZATION**

### **Week 13: Focus on Trade & the International Food Regime**

Arment, J. 2019. "Food Dependency in Sub-Saharan Africa: Simply a Matter of 'Vulnerability', or Missed Development Opportunity?" *Development & Change*, 51:2, 283-323.

Friedman, Harriet. 1982. "The Political Economy of Food: The Rise and Fall of the Postwar International Food Order." *American Journal of Sociology*, 88(Supplement): S248-S286.

Hansen, Craig. 2013 *Food Security, Inclusive Growth, Sustainability, and the Post-2015 Development Agenda*. Background Research Paper Submitted to the High Level Panel on the Post-2015 Development Agenda.

*Supplemental Readings:*

McMichael, Philip. 2005. "Global Development and the Corporate Food Regime," *Research in Rural Sociology and Development*, 11: 269-303.

Kaufman, Frederick. 2010. "The Food Bubble: How Wall Street starved millions and got away with it." *Harper's Magazine*, July 2010.

*Presentation of Book Reviews:*

### **Weeks 14 & 15: Focus on trade-related aspects of current global issues: Global inequality, climate change, migration, pandemics**

Readings to be determined. Here are suggestions from the instructor.

*On Global Inequality*

Pritchett, Lant. YEAR. "Divergence, Big Time,"

Piketty, Tomas. 2020. *Capital & Ideology*.

*On Climate Change:*

Klein, Naomi. [On Capitalism and the Climate.]

## **CLASS/UNIVERSITY POLICIES CONCERNING COVID**

*University leadership has urged all faculty, students, and staff to model the vaccination, testing, and masking behaviors we want to see in our campus community. (Please note that other Class/University Policies are included in the official “long-form” Class Syllabus that you will find on Canvas.)*

These include:

- Vaccination
- Masking indoors
- If unvaccinated, getting weekly asymptomatic coronavirus testing

### **Vaccination**

- Get a COVID-19 vaccination if you have not already done so. Vaccination is proving highly effective in preventing severe COVID-19 symptoms, hospitalization and death from coronavirus. Vaccination is the single best way to stop this COVID resurgence in its tracks.
  - Many in the campus community already have gotten vaccinated:
    - More than 80% of U. employees
    - Over 70% of U. students
  - Visit <https://mychart.med.utah.edu/> , <https://alert.utah.edu/covid/vaccine/> , or <https://www.vaccines.gov/> to schedule your vaccination.

### **Masking**

- While masks are no longer required outside of Health Sciences facilities, UTA buses and campus shuttles, CDC guidelines now call for everyone to wear face masks indoors.
  - Check the CDC website periodically for masking updates—  
<https://www.cdc.gov/coronavirus/2019-ncov/vaccines/fully-vaccinated-guidance.html>
  - Treat masks like seasonal clothing (i.e. during community surges in COVID transmission, masks are strongly encouraged indoors and in close groups outside).

### **Testing**

- If you are not yet vaccinated, get weekly asymptomatic coronavirus tests. This is a helpful way to protect yourself and those around you because asymptomatic individuals can unknowingly spread the coronavirus to others.
  - Asymptomatic testing centers are open and convenient:
    - Online scheduling
    - Saliva test (no nasal swabs)
    - Free to all students returning to campus (required for students in University housing)
    - Results often within 24 hours

- Visit [alert.utah.edu/covid/testing](https://alert.utah.edu/covid/testing)
- Remember: Students must self-report if they test positive for COVID-19 via this website: <https://coronavirus.utah.edu/>.