### Fall, 2014   ECON 448  INTERNATIONAL TRADE  Prof. M. Twomey

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The textbook for this course is **International Economics** (McGraw-Hill, 15th ed.) by Thomas A. Pugel, and is available in the bookstore. This edition is very similar to the 14th ed., which may be accessible as a used book; it is also on reserve in the library. Also, the textbook's publisher has a lot of study material on the textbook's web-page.

Your grade will be determined by three exams (weights of 19%, 19% and 21%), three papers (8%, 8%, and 20%) and class participation, 5%. The papers are described below and in a separate [handout](http://www-personal.umd.umich.edu/~mtwomey/econhelp/348files/WrittenAssignments.docx). Students enrolled in Econ 548 (for graduate credit) will have more rigorous assignments, described in [handout\_548](http://www-personal.umd.umich.edu/~mtwomey/econhelp/348files/WrittenAssignments548.docx). Copies of previous years' [exams](http://www-personal.umd.umich.edu/%7Emtwomey/econhelp/348files/348exams.html) are available as study helps. One word of advice is that if you find the technical material in the text too difficult, go back and read the parallel discussion in your introductory economics text.

The study of international economics is normally divided into two parts: one, "pure theory" focuses on the question of tariffs vs. free trade, and is the subject of our course. The other area of international economics is called international finance. That course treats exchange rates and the balance of payments, and is covered in Economics 447, which will be given next term. That material is presented in the second half of the Pugel text, which this course will not cover. Basically, both Econ 447 and Econ 448 are self-contained courses, which is to say that they can be taken in any order.

You are reminded that page 3 of the [***Schedule of Classes***](http://www.umd.umich.edu/fileadmin/template/emsl/files/R_R/Fall_2014_Schedule.pdf) lists a number of important dates about adding and dropping classes, such as November 4 as the final day to drop a course (consult that document for specifics). Please turn off cellular phones before entering the classroom; disturbing your fellow student may lead to a lowering of your grade. Cheating on exams or plagiarizing a paper will result in flunking the course.

An approximate schedule follows. The textbook is obligatory, the other readings are simply recommended. All the supplemental readings are available on the Web. To access a particular reading, go to this syllabus on my webpage (the address on the top of this page) and, corresponding to the item you want, click on the word online. Some of the items indicated as "professor's notes" will be distributed in class.

Sept. 4     **Introduction**Pugel, Chapter 1

**The discussion about globalization**

Globalization 101, on "What is Globalization"  [Online](http://www.globalization101.org/what-is-globalization)

**The debate about the international financial institutions:**  
"Top Ten Reasons to Oppose the World Trade Organization," in *Global Economy 101*; Global Exchange, [Online](http://www.globalexchange.org/resources/wto/oppose)

“The Errors of Conservatives Obscure the Case for Trade,” Adam Posen PIIE 2014 [online](http://www.iie.com/publications/opeds/oped.cfm?ResearchID=2648)

“Twenty-first Century Trade Integration in Eight Figures,” Subramanian and Kessler, PIEE 2013 [online](http://www.piie.com/blogs/realtime/?p=3777)

"Enemies of the WTO: Bogus Arguments against the WTO," by Paul Krugman (Slate) November 1999.

“As Other Nations Prosper, So Will the United States,” Lawrence and Edwards PIEE 2013 [online](http://www.piie.com/publications/opeds/oped.cfm?ResearchID=2379)

Newspaper articles about suspension of WTO negotiations: [online1](http://www.euractiv.com/en/trade/wto-talks-called/article-156912)

Sept. 9, 11     **Basic Theory, using Supply and Demand** Pugel, Chapter 2

Sept. 16, 18    **Comparative Advantage**    Pugel, Chapter 3

      The professor's notes [Online](http://www-personal.umd.umich.edu/~mtwomey/econhelp/448files/CompNext1.pdf)

Sept. 23    **Factor Proportions**    Pugel, Chapter 4

Sept. 25, 30    **Who Gains and Who Loses with Trade?** Pugel, Chapter 5 (+ glance at Appendix B)  
"Does Globalization Make the World More Unequal?" by Peter H. Lindert & Jeffrey G. Williamson, one page summary of NBER Working Paper No.w8228 April 2001 [Online](http://www.nber.org/digest/sep01/w8228.html)

 "Europe's textile war with China," *Economist* Aug. 29, 2005 [online](http://www.economist.com/agenda/displayStory.cfm?story_id=4314327&fsrc=RSS)

 "Twisted Threads in US China Trade," *Businessweek* August 19 2005  [online](http://www.businessweek.com/bwdaily/dnflash/aug2005/nf20050819_5512_db039.htm)

Oct. 2   **Alternative Theories of Trade**        Pugel Chapter 6

Oct. 7             **FIRST EXAM**

Oct.  9, 14    **Growth and Trade**       Pugel, Chapter 7           **First Paper Due Oct. 14**

Oct. 16, 21   **Analysis of Tariffs** Pugel, Chap. 8 (glance at appendix C and D)

Oct. 23     **Non-Tariff Barriers; WTO**      Pugel, Chapter 9

"Biotechnology in Agriculture Confronts Agreements in the WTO," USDA/ERS Dec., 1998 [Online](http://www.ers.usda.gov/publications/wrs984/wrs984e.pdf) 2 page pdf file

“Investment Agreements: A New Threat to Health and TRIPS Flexibilities,” Correa TWN 2013 [online](http://www.twnside.org.sg/title2/FTAs/info.service/2013/fta.info.253.htm)

"Are Labor Standards Elitist?" by Ellen Frank*, Dollars and Sense* January, 2000 [Online](http://www.dollarsandsense.org/archives/2000/0100frank.html),

Oct. 28, 30     **Arguments for and Against Protectionism** Pugel, Chapter 10

“China trade costs jobs in every state,” Robert Scott (EPI) 2008 [online](http://www.epi.org/content.cfm/webfeatures_snapshots_20080730)

"The Steel crisis and the costs of protectionism," by Brink Linsey et al., (Cato) 1999 [Online](http://www.freetrade.org/pubs/briefs/tpb-004es.html),

 "Truth and consequences of off-shoring," Josh Bivens, EPI 2005 [online](http://www.epi.org/content.cfm/bp155)

“How can Trade Policy Help America Compete?” Lawrence PIIE 2012 [online](http://www.piie.com/publications/pb/pb12-21.pdf)

 The professor's notes on the political economy of [trade policy](http://www-personal.umd.umich.edu/%7Emtwomey/econhelp/poliecon.html)

Nov. 4, 6    **Pushing Exports**      Pugel Chapter 11

         "”Competition between Airbus and Boeing” Wikipedia [online](http://en.wikipedia.org/wiki/Competition_between_Airbus_and_Boeing)

Nov. 11             **SECOND EXAM**

Nov. 13, 15   **Trade Blocs** Pugel Ch. 12

“US Trade Policy and the Doha Round: An Alternative View,” Bergsten PIEE 2011 [online](http://www.piie.com/publications/opeds/oped.cfm?ResearchID=1832)

“European Union Economic Relations: Crisis and Opportunity,” Rediker PIIE 2013 [online](http://www.piie.com/publications/testimony/rediker20130523.pdf)

"The ABCs of Free Trade Agreements," by The Dollars and Sense Collective in *Dollars and Sense*  2001 [Online](http://www.dollarsandsense.org/archives/2001/0101abcs.html),

“How Far Are Western Sanctions Against Russia Going?” Anders Aslsund PIIE (2014) [online](http://www.iie.com/publications/opeds/oped.cfm?ResearchID=2652)

“A Win-Win Solution for the Trans-Pacific Partnership,” Adam Posen PIIE (2014) [online](http://www.iie.com/publications/opeds/oped.cfm?ResearchID=2626)

"Top Ten Reasons to Oppose the FTAA," by  Global Exchange 2005 [Online](http://www.globalexchange.org/campaigns/ftaa/topten.html)

The professor's notes on the [European Union](http://www-personal.umd.umich.edu/%7Emtwomey/econhelp/europe.html)

European Integration online: an electronic journal [Online](http://eiop.or.at/eiop/)

Nov. 20, 25**Migration**     Pugel, Chapter 15        **Second Paper due Nov. 20**

"Immigration in the European Union: problem or solution? by Ben Hall, *OECD Observer* Summer, 2000 [Online](http://www.oecdobserver.org/news/fullstory.php/aid/337.html),

“For a Few Dollars Less,” George Borjas *WSJ* 2006 [online](http://www.hks.harvard.edu/fs/gborjas/publications/popular/WSJ041806.htm)

“Immigration: White House Report Ignores Unfair, Unworkable, and Costly Amnesty,” Derrick Morgan (Heritage) 2013 [online](http://blog.heritage.org/2013/07/10/immigration-white-house-report-ignores-unfair-unworkable-and-costly-amnesty/)

“Facts About Immigration and the U.S. Economy,” Cost, Cooper and Shierholz (EPI) [online](http://www.epi.org/publication/immigration-facts/)

“The Fiscal Impact of Immigration,” Steven Camarota CIS [online](http://cis.org/OpedsandArticles/Camarota-Heritage-Immigration)

“Immigration: Amnesty Plan a bad idea,” Peter Nunez CIS [online](http://cis.org/OpedsandArticles/Nunez-Union-Tribune-021613-Obama)

Interview with Philip Martin on Managing Unauthorized Migration (2008) (PRB) [online](http://discuss.prb.org/content/interview/detail/2150/)

The professor's notes on migration [history](http://www-personal.umd.umich.edu/%7Emtwomey/econhelp/migration.html), and [data](http://www-personal.umd.umich.edu/%7Emtwomey/econhelp/migrat_data.html)

Dec.  2    **Mutlinationals**     Pugel Chapter 15

"Were Trade and Factor Mobility Substitutes in History?" Collins, O'Rourke, & Williamson; one paragraph abstract of NBER Working Paper No.w6059, June 1997 [Online](http://papersdev.nber.org/papers/W6059)

"FDI Useful Only When Hosts Control, Direct and Regulate," by Chakravarthi Raghavan, Third World Network [Online](http://www.twnside.org.sg/title/hosts.htm)

"Foreign Direct Investment Changes Ownership, not Location," summary of NBER paper by R. Lipsey Dec. 2000 [Online](http://www.nber.org/digest/nov00/w7810.html)

“The Danger of Politicized Foreign Investment Reviews,” Rosen and Hanemann (PIEE) 2013 [online](http://www.iie.com/publications/opeds/oped.cfm?ResearchID=2421)  
"Globalization and [Foreign] Investment," globalization 101 [online](http://www.globalization101.org/issue/investment/)

The professor's notes on [MNCs](http://www-personal.umd.umich.edu/%7Emtwomey/econhelp/mnc.html)

Dec. 4   **Trade Policies for LDCs**    Pugel, Chapter 14    **Third Paper Due Dec. 4**

“China’s Embrace of Markets is Responsible for its Growth,” Nicholas Lardy 2014 (PIIE) [online](http://blogs.piie.com/china/?p=4031)

“India Must Reverse Its Deindustrialization,” Amirapu and Subramanian (PIIE (2014) [online](http://www.iie.com/publications/opeds/oped.cfm?ResearchID=2611)

“Emerging Markets’ Victimhood Narrative,” Rodrik and Subramanian PIIE (2014) [online](http://www.iie.com/publications/opeds/oped.cfm?ResearchID=2561)

“China’s Strategy to Secure Natural Resources: Risks, Dangers and Opportunities,” Moran PIEE [online](http://bookstore.piie.com/book-store/5126.html)

Dec.  9     **The Environment**         Pugel, Chapter 13

The US Dept. of Energy on Kyoto [online](http://www.eia.doe.gov/oiaf/kyoto/execsum.html)

"Climate and Trade: Links between the Kyoto Protocol and WTO,” Jeffrey Frankel Environment [online](http://ksghome.harvard.edu/%7Ejfrankel/KyotoGEnvir05J-pub.pdf)

"TRIPs and the Environment," Vandana Shiva (Third World Network) [Online](http://www.twnside.org.sg/title/trips-ch.htm),

“Energy Exports Promote Prosperity and Bolster National Security,” Nicolas Loras (Heritage) [online](http://www.heritage.org/research/reports/2014/07/energy-exports-promote-prosperity-and-bolster-national-security)

“Genetically Modified Foods and the Limits of Trade Agreements,” Simon Lester CATO 2013 [online](http://www.cato.org/publications/commentary/genetically-modified-foods-limits-trade-agreements)

“The Limits of Climate Negotiations,” Jeffrey Sachs (2014) [online](http://www.project-syndicate.org/commentary/jeffrey-d-sachs-says-that-the-fight-against-global-warming-is-mainly-a-technological-problem)

"Genetic Engineering and the Privatization of Seeds," by Anuradha Mittal and Peter Rosset *Dollars and Sense* March 2001 [Online](http://www.dollarsandsense.org/archives/2001/0301mittal.html)

The **FINAL EXAM** is scheduled for Thursday, December 11 at 9:00 a.m..

**COMPUTER ACCESS**: All currently registered students are entitled to free access to the UM-Dearborn computer labs, internet, and email systems. Go to the ITS Accounts Office in the Computer wing, or fill out the application with the Monitor in the Computer Wing. You must present a valid University photo ID card. The ITS helpdesk phone is 313-593-4357; or email to [helpdesk@umd.umich.edu](https://zmail.umd.umich.edu/zimbra/mail?view=compose&to=helpdesk@umd.umich.edu).

### ECON 448 Written Assignments Fall, 2014

You are asked to submit three papers, each one typed and double-spaced.  Please staple them--no plastic covers. No electronic submissions, thank you. The first two papers might be considered homework assignments, as they will not be strictly graded. They can be done in either order, and are due October 14 and November 20. These are described in more detail in this [handout.](http://www-personal.umd.umich.edu/%7Emtwomey/econhelp/348files/WrittenAssignments.htm)

One paper will be a statistical exercise, using data downloadable from the *World Development Indicators* which can be accessed for free at <http://databank.worldbank.org/ddp/home.do?Step=12&id=4&CNO=2> .

The second paper will be a short essay on a theme relating to European integration. You are requested to pick a topic ("institutions" or "activities") from the European Union's web-site <http://europa.eu/index_en.htm> that is also discussed in an essay in the Project-Syndicate section on European Economies <http://www.project-syndicate.org/economics>. Your assignment is to relate these two selections--what is the issue/topic, and what do the essayist and the EU say about it. You are not being asked to do research on the topic, nor to judge the positions taken, but rather simply to identify one.

The third paper will be a longer research piece (6-10 pages) investigating either tariffs or an issue relating to Europe (but not the Euro). Please identify for me in writing the topic and some potential bibliography for your research paper by November 21.

Plagiarism will result in flunking the course. Plagiarism is defined in the University's *Announcement* as "Submitting a piece of work... which in part or in whole is not entirely the student's own work without attributing those same portions to their correct source(s)." When in doubt, cite the source.

**Other Items**

Your final grade will be available promptly on the Registrar's webpage. Alternatively, leave me a postcard. Please do not email me for your grade. An important phone number is **313-436-9157**, to check if the campus is closed due to bad weather.

Here are some comments on the [econ major](file:///D:\dEc348\econumd.html). For advice on applying to graduate school, click [gradschool](file:///D:\dEc348\grad.html). It is strongly recommended that you give some thought to either the economics [internship](http://www.umd.umich.edu/casl/socsci/econ/internship.html) or the [CASL Co-op](http://www.umd.umich.edu/dept/acad/casl/coop.html).

**CONFLICTS ON EXAM DATES:** Students who have religious reasons for not taking an exam on a particular date should notify the professor **in advance**. Alternative arrangements will be made.

**STUDENTS WITH DISABILITIES:** The University will make reasonable accommodations for persons with documented disabilities. Students need to register with Disability Resource Services every semester they are taking classes. Their phone number is 313-593-5430; the address is 2157 University Center

Here are some websites of major sources for our course: [Europa](http://europa.eu.int/index_en.htm) (general European Union items); the [International Monetary Fund](http://www.imf.org/), the [OECD](http://www.oecd.org/), the [World Bank](http://www.worldbank.org/), the [World Trade Organization](http://www.wto.org/), [UNCTAD](http://www.unctad.org/en/enhome.htm), the (Peterson) [Institute for International Economics](http://www.iie.com/), the [CATO Institute](http://www.cato.org/). Agricultural trade is studied by the [International Food Policy Research Institut](http://www.ifpri.org/)e and Iowa State's [Food and Policy Research Institute](http://www.fapri.org/).

For websites of critics of free trade, try the [Economic Policy Institute](http://www.epi.org/l), [Jobs with Justice](http://www.jwj.org/), [Fifty Years is Enough!](http://www.50years.org/), [Essential Action](http://www.essentialaction.org/), the [Third World Network](http://www.twnside.org.sg/index.htm), [Global Exchange](http://www.globalexchange.org/economy/), the anti-MNC [CorpWatch](http://www.corpwatch.org/trac/index.html), the trade webpage of Ralph Nader's [Public Citizen](http://www.citizen.org/pctrade/tradehome.html), the neo-populist [Economic Strategy Institute](http://www.econstrat.org/), as well as the [AFL-CIO](http://www.aflcio.org/globaleconomy/) campaign on the global economy, and the [UAW](http://www.uaw.org/publications/jobs_pay/index.html)'s jobs and the economy publication. An NGO called ICTSD publishes a weekly newsletter on trade and sustainable development issues entitled [Bridges](http://www.ictsd.org/). Look also at the [Center for Immigration Studies](http://www.cis.org/).

**Economics Program Goals:**

1.      Learn the fundamental concepts, theories, and methodology of economics

2.      Develop ability to integrate and apply economic concepts and models to the analysis of problems and to the development and evaluation of economic policy.

3.      Develop ability to collect appropriate data and conduct quantitative analyses in order to measure economic phenomena, test economic theories, evaluate policies,    and make decisions.

4.      Develop ability to effectively communicate in written and oral form.

5.      Develop ability to collaborate and work with others

6.      Develop the intellectual skills for and commitment to personal and professional growth and lifelong learning.