

U6017 International Trade and Development
Fall 2003
Saturday, 2:00pm – 4:00pm

Instructor: Eliza Patterson
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REQUIRED COURSE TEXTS:

Trebilcock and Howse, The Regulation of International Trade. 2nd edition. Routledge Press.

RECOMMENDED COURSE TEXTS:

Caves, Frankel, and Jones, World Trade and Payments. 9th edition. Addison Wesley.

Additional materials may also be distributed over the course of the semester.

REQUIREMENTS:

A take home mid-term will be given during week 6.

A final 5 page paper will be due at the end of the semester. Students will be given a list of several topics from which to select.

GRADING:

Grades will be computed as follows: Mid-term 25%; Final 50%; Class Participation 25%.

COURSE SCHEDULE:

Weeks 1-3

The Economics of Trade

These sessions will cover the basic economic principles relating to international trade.

The following topics will be covered:

1. Mercantilism
2. Comparative advantage and gains from trade
3. Factor endowments and trade patterns
4. Qualifications to the case for free trade: reciprocity, the optimal tariff, infant industries, strategic trade theory, revenue-raising considerations, and national security considerations.

5. Objections to free trade: job displacement and wage depression; race-to-the-bottom/ lowest common denominator effects on domestic social policies; cultural homogenization; loss of domestic political sovereignty.

Required Reading:

Trebilcock and Howse, The Regulation of International Trade. 2nd edition. Routledge Press, pp. 1-17

Xeroxed materials to be distributed (*Jackson, Davey, and Sykes, International Economic Relations. 4th edition. West Group, pp. 7-21*)

Recommended Reading:

Caves, Frankel, and Jones, World Trade and Payments. Chapter 7

Week 4

The Evolution of the International Trading System.

These sessions will cover (1) The formation and evolution of the GATT from the initial 1947 concept through eight negotiating rounds and the creation of the WTO. (2) The rise of regional trading blocks and free trade areas (FTAs)- the EU, NAFTA, the proliferation of bilateral free trade areas.

Required Reading:

Trebilcock and Howse, The Regulation of International Trade. 2nd edition. Routledge Press, pp. 21-24

Xeroxed materials to be distributed (*Jackson, Davey, and Sykes, International Economic Relations. 4th edition. West Group, pp. 208-216; 226-231*)

Week 5

The US Constitution and US Regulation of International Economic Affairs.

These sessions will discuss the inherent and delegated powers of the president and the Congress in the conduct of international economic relations; the domestic legal effect of international agreements, and the respective roles of the States and the Federal Government.

Required Reading:

Xeroxed materials to be distributed (*Jackson, Davey, and Sykes, International Economic Relations. 4th edition. West Group, pp. 56-62; 72-78; 96-102; 116-119; 123-127*)

Week 6

The US Trade Policy Formation Process

This class will discuss the complex process, which the US government's trade develops policies and laws. We will examine, with the use of case studies, the

roles played by the various executive branch agencies; the US trade representative, NGOs, the private sector and the Congress in crafting US policy.

Required Reading:

Xeroxed materials to be distributed (*Jackson, Davey, and Sykes, International Economic Relations*. 4th edition. West Group, pp. 88-90; 137-139)

Week 7-9

Fundamentals of the GATT and the WTO

These sessions will cover the following topics:

- Non-discrimination: MFN and National Treatment
- Tariffs
- Unfair trade laws
- Safeguards
- Developing countries (discussion will cover the evolution of theory and policy stances relating to the relationship between trade and development and the related evolution of the multilateral rules governing trade with developing nations.)
- Article XX:General Exceptions to GATT rules
- Dispute settlement.

Required Reading:

Trebilcock and Howse, The Regulation of International Trade. 2nd edition. Routledge Press, pp. 25-38; 51-80; 167-172; 190-198; 205-214; 226-239; 245-254; 367-379; 386-394

Week 10

US Unilateralism- Section 301

This session will examine what is arguably the single most important piece of US trade legislation insofar as relations between the US and the WTO are concerned- Section 301. This law provides the Administration with the authority to retaliate against a host of foreign practices otherwise outside the reach of US trade laws. It is also a means by which the private sector can access the WTO dispute settlement system.

Required Reading:

Xeroxed materials to be distributed (*Patrick Low, Trading Free; the GATT and US Trade Policy*. 20th Century Fund, pp. 56-64; 87-91; 94-96)

Xeroxed materials to be distributed (*Bayard and Elliot [1994], Reciprocity and Retaliation in US Trade Policy*. IIE. pp. 1-3; 25-32; 52-56; 68-77)

Xeroxed materials to be distributed (*Jackson, Davey, and Sykes, International Economic Relations*. 4th edition. West Group, pp. 317-319; 332-335)

Weeks 11-14

Current Issues confronting the US and the multilateral trading system.

Topics covered include:

- 1-The escalation of US FTAs as the tool of preference for US liberalization and the threat regionalism poses to the multilateral system.
2. Managing the interface between trade liberalization and the domestic regulatory state. We will examine efforts to impose international regulation on domestic policies or so-called “behind the border” measures in areas of : consumer health and safety, “culture” and environmental protection.
3. Investment. We will discuss the WTO TRIMs agreement, NAFTA chapter 11 and the failed MAI.
4. Development: We will discuss efforts to more fully integrate developing nations into the WTO trading system and policies aimed at making the global trading system work for development;.
5. The role of NGOs in shaping globalization

Required Reading:

*Trebilcock and Howse, The Regulation of International Trade. 2nd edition.
Routledge Press, pp. 335-347; 351-366; 395-440; 134-147; 152-165; 519-522*