Major Issues in U.S. Foreign Economic and Trade Policy

SIPA U6628
Spring 2001
Wednesday 9:00-10:50
Rm. 407 IAB

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SYLLABUS

Contents
1. Introduction: Objectives of the Course
2. Assigned Materials
3. Course Requirements
4. Course Outline

1. Introduction: Objectives of the Course

This course is designed for students who may pursue careers in international trade—either in private firms or government positions. It will provide students with a general introduction to a broad range of major international trade issues, including: economic and political perspectives on international trade; instruments of U.S. foreign economic and trade policy (e.g., section 301 of the 1974 Trade Act, as amended, and unfair trade laws, among others); bilateral approaches to increasing access to foreign markets; major recent multilateral and regional trade initiatives such as the Uruguay Round of Multilateral Trade Negotiations, the North American Free Trade Agreement (NAFTA) and Asia-Pacific Economic Cooperation (APEC); and emerging issues in international economic and trade policy such as the investment; trade and competition policy and trade and environment.

Students taking this course must participate in a simulation exercise that will be held on Saturday April 14, 2001. Students are expected to have taken basic principles courses in宏观economics and microeconomics.

2. Assigned Materials

The Village Copy Center (115 between Broadway and Riverside Telephone 666-0600) has complete sets of multilith required readings for this class. Two copies of the multilith readings will be on reserve in the library as well. Additional readings will be distributed in class. To save duplication expense, relevant papers that are readily available on the internet are not included in the reading packages at the Village Copy Center.
3. **Course Requirements**

   **A. Class Attendance and Readings**

   Class attendance is expected. Students should be prepared for each class since class discussion is designed to develop students' understanding of issues and will count in the grade. Classroom discussion will not cover every aspect of the materials assigned. To the extent possible, in addition to assigned readings, the instructor will use and present very current material not available in published form or even unpublished analyses or comments.

   We expect to have several guest speakers joining us this semester; students are strongly encouraged to ensure that they are able to attend those classes.

   Students should make every effort to keep abreast of current developments in international trade. Useful sources include the *Wall Street Journal*, the *Journal of Commerce*, the *Financial Times*, the *BNA International Trade Reporter* and *Inside U.S. Trade*, among others. In addition, many U.S. and foreign government publications are now easily available on the internet. Please note, for example, the following trade-related internet addresses: www.ustr.gov; www.usitc.gov; www.ita.doc.gov; www.apecsec.org.sg; www.sice.oas.org; www.unicc.org/wto/.

   There are two web sites that are particularly excellent for this course: the Harvard Center for International Development, Global Negotiations website, which is: http://www.cid.harvard.edu/cidtrade, hereinafter **Harvard Global Negotiations**, and the World Bank trade research group, which can be found at http://www.worldbank.org/research/trade, hereinafter **Worldbank**. You should become familiar with the postings on both of those locations.

   Additional internet addresses are located in your simulation background materials.

   **B. Mid-Term Trade Simulation Exercise**

   There will not be a mid-term exam. However, students must participate in a trade simulation exercise that will be conducted during the semester. Students will be divided into teams representing a country and each team effort will be evaluated. Although the instructor will provide students with extensive background materials and the basic scenario that will guide each of the simulation, students are expected to undertake additional background research.

   The simulation exercise will be held all day on a **Saturday, April 14**.

   **C. Final Exam**

   A final take home exam will be required of all students taking this course. The instructor will not give an incomplete except in extraordinary circumstances.

   **D. Grades**
Class participation will count for 10% of the grade. The mid-term simulation will account for approximately 15% of the student's grade, and the final exam will count for 75% of the course grade.

4. **Course Outline**

A. **Economic Perspectives on International Trade**

January 17

**Major Issues**
- Perspectives on International Trade: Free Trade, Managed Trade and Strategic Trade
- Recent Thinking on Ownership and Nationality of Firms: Does it Matter?
- How or Can Trade Policies Enhance International Competitiveness?

**Readings**

**Required Readings**

1. Michael Bordo, Barry Eichengreen and Douglas Irwin, "Is Globalization Today Really Different from Globalization One Hundred Years Ago?" NBER June 1999 available at: http://www.cid.harvard.edu/cidtrade. (This is the Harvard Global Negotiations, to find this article please look it up in the index).

**Other Relevant and Interesting (but not required) Contextual Readings In International Economic Policy and Political Economy**


**January 24: Trade Policy Institutions/Actors**

**Major Issues**

- Overview of Congressional delegation of authority to the Executive Branch on trade matters and Congressional/Executive powers;
- Formal and Informal methods of decision making in the Executive Branch on International Economic Policy;
- Evolution of US Trade Policy

**Required Readings**


**B. An Introduction to the GATT/WTO and the Uruguay Round of Multilateral Trade Negotiations**

**January 31 & February 7**

**Major Issues**

- Overview of GATT principles (MFN, national treatment, dispute settlement, exceptions).
- Examination of major contributions of the Uruguay Round--e.g., Major Areas of Negotiation: agriculture; market access; the "new" issues of intellectual property rights, services and investment; reform of GATT rules.

**Required Readings**


7. Dispute Settlement

The Next Trade Round, available at: www.columbia.edu/~jb38
Chapters 21-27 pp 227-279
William J. Davey, "Improving WTO Dispute Settlement"
Robert Hudic, "The Agenda for Reform of Dispute Settlement"
U. Iwasawa, "Improving Dispute Settlement"
Gary Horlick, "The World Trading System at the Crossroad of Science and Politics"
John Jackson, "Dispute Settlement and the WTO: Emerging Problems"
J. Bhagwati, "An Economic Perspective on Dispute Settlement"


Other Relevant and Interesting (but not required) Readings

General Readings


Services


Agriculture


Intellectual Property

Other

C. U.S. Approaches to Market Access

February 14

Instruments of Trade Policy: Section 301 and its Application: AD/CVD

Major Issues

- The major instruments of U.S. trade policy: section 301, super 301, unfair trade remedies, import relief laws, Title VII, Special 301.
- Administrative Remedies/Instruments of Diplomatic Protection
- Assessing the use and effectiveness of U.S. trade laws
- Consistency of US Unilateral Remedies and WTO DSU

Readings

Other Relevant and Interesting (but not required) Readings
7. USTR Fact Sheets on Enforcement and 301 Cases available at USTR webpage: http://www.ustr.gov


**February 21  U.S.-Japan Trade Issues**

**Major Issues**

- U.S. and Japanese views on the nature of the "Japan problem".
- Suggested trade "remedies" for addressing market access difficulties.
- Addressing Structural Problems

**Readings**


**February 28: China and the WTO: Guest Speaker, Daniel Rosen**

**Major Issues**

- China's role in international trade
- US-China Engagement on Trade: Market Access and Intellectual Property Rights
- WTO Accession Issues

**Required Readings**

5. James Feinerman, The Effects of GATT/WTO Accession on China's Legal System

March 7  NAFTA

Major Issues

- Political and Economic Consequences of NAFTA: Economic Expansion, Trade Diversion, Job Creation or Job Loss?
- Comparing NAFTA versus other bilateral and regional arrangements.

Readings

Note: There is extensive literature on Nafta available on the web. Instructor will identify further specific readings in advance of class.


Relevant NAFTA webpages to visit for current information

- Nafta homepage from Department of Commerce: www.itaiep.doc.gov
- Nafta information: www.nafta.net
- Critical Review of job losses due to Nafta: www.citizen.org
- Academic cite with information on Nafta: http://naftalab.bus.utexas.edu
- legal texts: www.legal.gsa.gov or www.natlaw.com
- Nafta secretariat: www.nafta-sec-alena.org

March 14  Spring Break

March 21  APEC, Regionalism & Globalism

Major Issues

- Introduction and Overview: APEC
- The Relationship Between APEC, NAFTA and the WTO

Readings

1. Merit E. Janow, APEC and Economic Integration in the Asia-Pacific Region, Northwestern Journal of International Law and Business, Vol. 17, 2/3

2. Faezeh Forouton, "Does Membership in a Regional PTA Make a Country More or Less Protectionist?" World Bank, April 1998

Recommended Reading:


March 28  Negotiation Preparation: No Class

April 4  Introduction to Investment

In addition to the core set of readings required as part of the simulation exercise, (provided by the instructor) students are expected to review the following:

1. E.M. Graham, *Fighting the Wrong Enemy*, (IIE, 2000) 51-80;185-200


April 11  Trade and Competition Policy

Major Issues

- Anticompetitive practices that can inhibit access to markets
- Alternative approaches to addressing such problems
- The scope for global responses at the WTO and elsewhere


April 18  Food Safety and the International Trade Rules

SUNDAY APRIL 22: NEGOTIATION EXERCISE
April 25  Negotiations De-Brief

Take Home Final Distributed in Class