

PSCI 402/683/GGOV 619

Politics of International Trade

Fall, 2017

RCH 212, Mondays 11:30am-2:20pm

Instructor: Horatiu Rus

Email Address: hirus@uwaterloo.ca

Twitter: [@horatiurus](https://twitter.com/horatiurus) (#psci402)

Office Location: Hagey Hall 203

Office Hours: Tuesdays 9:30-10:30 pm (or by appointment)

Course Description: This advanced-undergraduate/graduate political economy seminar proposes an examination of the political underpinnings of international trade, taking a national, regional and multilateral perspective. The material discussed is both theoretical and applied with special attention to key institutional arrangements – including interest groups, domestic institutions and international intergovernmental organizations - important to trade policy making.

Requisites: 4A Honours Political Science (or by permission)

Course Objectives:

By the end of this course, students should:

- Understand the emergence and evolution of international trade policy in the pre- and post WWII period, as well as the novel aspects of its current challenges
- Understand the main economic arguments for and against freer trade and their limitations
- Become familiar with key concepts and institutions in international trade
- Understand the main debates around the key domestic determinants of trade policy making and their international role
- Become familiar with the most important policy debates pertaining to Canada's international trade
- Develop familiarity with non-trade ramifications of trade policy and understand the interactions with other public policy areas such as: development, labour markets and environmental regimes.

Course Requirements, Expectations, and Standards:

Attendance: All students are expected to attend class. Penalties for an unreasonable number of absences throughout the term may be imposed.

Participation: This is a *seminar*, therefore all students are expected to fully engage with the readings and participate in the class discussions every week. Each student should take an informed and reasoned position based on each of the reading components. A component of your grade will reflect this. (see below)

Requirements and Evaluation:

Participation + weekly response papers: 20%

Readings for class discussion and short written assignments will be assigned each week. Your *critical analysis* of these readings written up in a 2-page response paper is due (almost) every class. This material will also constitute the starting point for the discussion part of each class. Weekly papers will be marked on a binary (completed-pass or not completed-fail) scale.

Midterm Exam: 25%

This in-class exam will be based on the material covered in class and will consist of several short-essay questions. Tentative date: *Monday, October 30th, 2017*. Please note: Student travel plans are not an acceptable reason for granting an alternative examination time.

Presentation + Referee Report : 15% + 5%

Typically the last two classes are dedicated to student presentations. Each student will discuss the core argument of their final essay in a short class presentation. The use of slides and/or handouts is encouraged. Every paper presentation will be assigned a *student referee*, who will read the material ahead of time and will provide brief comments on the paper following the presentation. The intention is for each of you to receive constructive feedback on your work from your peers (referee and the rest of the class) *before* writing up the final papers.

Final Essay: 35%

This is a research paper on a specific topic relating to the themes of the course. The topic proposal must be submitted to the instructor for approval as early as possible, and no later than the week prior to the reading week. The final essay will be due on *April 7, 2017* and will consist of approximately 15 double-spaced pages (20 pages for graduate students). More information of the final essay will be provided in class.

Late Policy:

Late submissions of the weekly written assignments and/or the final essay will suffer a penalty equivalent to 10% for every day they are late. Unless with the instructor's permission, no late work will be accepted more than 5 days after deadline.

Study Materials:

These Texts are available online via the UW library:

1. Brian Hocking and Steven McGuire (Eds.), "Trade Politics" (2nd edition), Routledge, 2004.
2. Michael Hart, "A Trading Nation: Canadian Trade Policy from Colonialism to Globalization," UBC Press 2002

These Texts are on 3-hour reserve at the Dana Porter Library.

4. E. Helpman, "Understanding Global Trade", Harvard University Press, 2011.
5. I.M. Destler, "American Trade Politics", Institute for International Economics, 2005.
6. Bernard M. Hoekman, Michel M. Kostecki. "Political economy of the world trading system: the WTO and beyond", 2009.
7. Dani Rodrik, "The Globalization Paradox: Democracy and the Future of the World Economy", W. W. Norton, 2011.
8. Bernstein William J., "A Splendid Exchange: How Trade Shaped the World." New York: Atlantic Monthly Press, 2008.

Schedule and Readings:

All students are required to read the textbook chapters and additional readings for every section. Please note that the list below is general and tentative. Updates are very likely and will be posted and announced in advance.

The course webpage on LEARN will provide a more detailed outline including links to many readings additional to the textbooks. While this .pdf will not be updated, the LEARN Readings page will be updated weekly.

Normally a campus (or off-campus proxy) internet connection may be required for free access to electronic journals.

I will make clear in class which of the readings are mandatory, which are optional, and which are the subject of the following week's position papers.

Topic 1: The Evolution of International Trade

Reading 1: Hoekman ch.1: The Trading System in Perspective.

Other readings:

- Bernstein Intro-ch. 8

Topic 2: The Positive Economics of Trade and Political Implications

Reading 1: Joseph Grieco and John Ikenberry, ch. 2: The Economics of International Trade in "State Power and World Markets: The International Political Economy", W.W. Norton, 2002.

Reading 2: Hoekman annex 2: The Economics of Trade Policy: Basic Concepts

Reading 3: Rodrik, Dani. "Why Doesn't Everyone Get the Case for Free Trade?" Chapter 3 in Dani Rodrik, *The Globalization Paradox*, New York: W.W. Norton, 2011. pp.47 -66

Other readings:

- Helpman, ch. 3.

Topic 3: Key debates in International the Political Economy of Trade

Reading 1: Helen Milner, "The Political Economy of International Trade." *Annual Review of Political Science*, 1999, p. 91-114.

Reading 2: Dani Rodrik, "Bretton Woods, GATT, and the WTO: Trade in a Politicized World" in "The Globalization Paradox: Democracy and the Future of the World Economy" (W. W. Norton, 2011), p. 67-88.

Reading 3: Paul Krugman, "Is Free Trade Passe?" *Journal of Economic Perspectives* 1 (2) 1987.

Reading 4: Alan Deardorff and Robert Stern, "What You Should Know About Globalization and the WTO," *Review of International Economics* 10 (3) 2002.

Reading 5: Paul Krugman "Trade and Inequality, Revisited" *Vox EU* June 2007
<http://www.voxeu.org/index.php?q=node/261>

Reading 6: Acemoglu, Daron, and James A. Robinson. 2013. "Economics versus Politics: Pitfalls of Policy Advice." *Journal of Economic Perspectives*, 27(2): 173-92.

Other readings:

- Haskel, Jonathan, Robert Z. Lawrence, Edward E. Leamer, and Matthew J. Slaughter. 2012. "Globalization and U.S. Wages: Modifying Classic Theory to Explain Recent Facts." *Journal of Economic Perspectives*, 26(2): 119-40.

Topic 4: Trade and Domestic Institutions

Reading 1: James E. Alt and Michael Gilligan. "The Political Economy of Trading States: Factor Specificity, Collective Actions Problems and Domestic Political Institutions," *Journal of Political Philosophy* 2:2, 1994, p. 165-192.

Reading 2: Helen Milner and Benjamin Judkins. "Partisanship, Trade Policy, and Globalization: Is There a Left-Right Divide on Trade Policy?" *International Studies Quarterly* (2004) 48, p. 95-119.

Reading 3: Edward Mansfield, Helen Milner and B. Peter Rosendor, 2000. "Free to Trade: Democracies, Autocracies and International Trade." *American Political Science Review*. 94(2): 305-322.

Reading 4: Destler ch.1 . Available at: [Reading http://tinyurl.com/k87ktxk](http://tinyurl.com/k87ktxk).

Reading 5: Fionna McGillivray, 1997. "Party Discipline as a Determinant of the Endogenous Formation of Tariffs," *American Journal of Political Science* 41: 117 - 146

Other readings:

- Grossman, Gene M & Helpman, Elhanan, 1994. "Protection for Sale," *American Economic Review*, American Economic Association, vol. 84(4), p. 833-50.

Topic 5: American Trade Policy

Reading 1: Destler chapters 2-7

Reading 2: Michael A. Bailey, Judith Goldstein, and Barry. Weingast. 1997. "The Institutional Roots of American Trade Policy." *World Politics* 49(3): 309-338.

Reading 3: Hocking ch. 2

Reading 4: Milner, Helen V. & Tingley, Dustin H., 2011. "Who Supports Global Economic Engagement? The Sources of Preferences in American Foreign Economic Policy," *International Organization*, Cambridge University Press, vol. 65(01), pages 37-68.

Reading 5: David Autor, David Dorn, Gordon Hanson and Kaveh Majlesi, A Note on the Effect of Rising Trade Exposure on the 2016 Presidential Election, MIT Working Paper, November 16, 2016.

Topic 6: Canadian Trade Policy

Reading 1: Hart ch. 1-3, 5-7, 14-16

Reading 2: Skogstad, Grace (2012), "International Trade Policy and the Evolution of Canadian Federalism", in Herman Bavis and Grace Skogstad (eds): *Canadian Federalism: Performance, Effectiveness and Legitimacy*, Oxford University Press: Toronto.

Reading 2: Stephen Tapp, Ari Van Assche and Robert Wolfe (eds) IRPP: Redesigning Canadian Trade Policies for New Global Realities, 2016. + Trade Policy for Uncertain Times (<http://policyoptions.irpp.org/magazines/july-2017/trade-policy-for-uncertain-times/>) Sections tba

Reading 3: Fafard, Patrick and Patrick Leblond (2012). "Twenty-First Century Trade Agreements: Challenges for Canadian Federalism." *A Federal Idea*.

Reading 4: Patrick Leblond, "The Canada-EU Comprehensive and Economic trade Agreement: More to it than Meets the Eye," Policy Options (2010)"

Other readings:

- Canada's role in NAFTA, CETA and the Trans-Pacific Partnership (TPP) - tba
- Canada's State of Trade: Trade and Investment update 2014. Available at: <http://tinyurl.com/ptbpm3j>
- Marc Lee and Erin Weir , "The Myth of Interprovincial Trade Barriers and TILMA's Alleged Economic Benefits ", Canadian Centre for Policy Alternatives, 2007.
- David Andolfatto, "Interprovincial Trade Barriers and the TILMA", SFU 2007. Available at : [Reading http://www.sfu.ca/~dandolfa/tilma.pdf](http://www.sfu.ca/~dandolfa/tilma.pdf)
- Jim Stanford, Trans Pacific Partnership : A Few Questions (<http://www.progressive-economics.ca/2012/06/19/trans-pacific-partnership-a-few-questions/>)

Topic 7: Trade Multilateralism under the GATT/WTO

Reading 1: Hocking ch. 7,8,10

Reading 2: Hoekman ch. 2, 8, 13, 14

Reading 3: Judith Goldstein, Douglas Rivers, and Michael Tomz. 2007. "Institutions in International Relations: Understanding the Effects of the GATT and the WTO on World Trade," *International Organization* 61: 3767.

Reading 4: Paul R. Krugman. "What Should Trade Negotiators Negotiate About?" *Journal of Economic Literature*, Vol. XXXV (March 1997) pp. 113-120.

Topic 8: Trade Regionalism and Preferential Trade Agreements

Reading 1: Destler ch.8

Reading 2: Hoekman ch. 10

Reading 3: Hocking chapters 2,3,4,5,6, 18

Reading 4: Richard Baldwin. *21st Century Regionalism: Filling the Gap Between 21st Century Trade and 20th Century Trade Rules*, available
http://wto.org/english/res_e/reser_e/ersd201108_e.pdf

Reading 5: Kerry Chase, "Economic Interests and Regional Trading Arrangements." *International Organization* 57 (1) 2003.

Reading 6: Edward Mansfield and Eric Reinhardt, "Multilateral Determinants of Regionalism." *International Organization* 57 (4) 2003.

Reading 7: Richard Baldwin, *The Great Convergence: Information technology and the new globalization* (2016). (sections tba)

Other readings:

- Anne Krueger, "Are Preferential Trading Agreements Trade-Liberalizing or Protectionist?" *Journal of Economic Perspectives* 13 (4) 1999.
- Bhagwati, J. & Panagariya, A., 1996. "Preferential Trading Areas and Multilateralism: Strangers, Friends or Foes?," Discussion Papers 1996_09, Columbia University, Department of Economics.

Topic 9: Trade and the Environment/ Trade and Finance

Reading 1: Hocking chapter 15

Reading 2: Daniel Esty, "Bridging the Trade-Environment Divide." *Journal of Economic Perspectives* 15 (3) 2001.

Reading 3: Jeffrey Frankel and Andrew Rose, "Is Trade Good or Bad for the Environment? Sorting out the Causality." *The Review of Economics and Statistics* 87 (1) 2005.

Other readings: tba

Topic 10: Trade and Development/Labour Standards/Fair Trade

Reading 1: Dani Rodrik: "The Global Governance of Trade – As If Development Really Mattered", UNDP (2001).

Reading 2: Hocking ch. 9,16

Reading 3: Helen Milner and Keiko Kubota, "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries", *International Organization* 59:01, p. 107-143.

Reading 4: Hanson, Gordon H. 2012. "The Rise of Middle Kingdoms: Emerging Economies in Global Trade." *Journal of Economic Perspectives*, 26(2): 41-64.

Reading 5: Barry Eichengreen, Douglas A. Irwin, 2009, "The Slide to Protectionism in the Great Depression: Who Succumbed and Why?" NBER Working Paper.

Other readings:

- Krueger, Anne. 1997. "Trade Policy and Economic Development: How We Learn." NBER Working Paper 5896. Cambridge MA.
- Dollar, David and Art Kraay. 2001. "Trade, Growth, and Poverty." World Bank Policy Research Working Paper, No. 2615.
- Goldberg, Pinelopi and Nina Pavcnik. 2007. "Distributional Effects of Globalization in Developing Countries". *Journal of Economic Literature* 45 (1): 39-82.
- Erik Edmonds and Nina Pavcnik, "Child Labor in the World Economy." *Journal of Economic Perspectives* 19 (1) 2005.
- Richard Baldwin and Simon Evenett (eds.) *The Collapse of Global Trade, Murky Protectionism and the Crisis*, (2009) Vox.org.

Topic 11: Final Essay Presentations and Referee Reports

Topic 12: Final Essay Presentations and Referee Reports

University Regulations:

Academic Integrity:

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility.

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about "rules" for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 - Student Discipline, [Student Discipline <http://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-71>](http://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-71).

Grievance: A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 - Student Petitions and Grievances, Section 4, [Student Petitions <http://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70>](http://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70). In addition, consult [Student Grievances <http://arts.uwaterloo.ca/student-grievances-faculty-arts-processes>](http://arts.uwaterloo.ca/student-grievances-faculty-arts-processes) for the Faculty of Arts' grievance processes.

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read Policy 72 - Student Appeals, [Student Appeals <http://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-72>](http://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-72).

Academic Integrity website (Arts): [Academic Integrity
http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html](http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html)

Academic Integrity Office (uWaterloo): [Academic Integrity Office http://uwaterloo.ca/academic-integrity/](http://uwaterloo.ca/academic-integrity/)

Accommodation for Students with Disabilities:

Note for students with disabilities: The AccessAbility Services (AS) Office, located in Needles Hall, Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the AS Office at the beginning of each academic term.

Turnitin.com: Plagiarism detection software (Turnitin) will be used to screen assignments in this course. This is being done to verify that use of all material and sources in assignments is documented. In the first week of the term, details will be provided about the arrangements for the use of Turnitin in this course. Note: students must be given a reasonable option if they do not want to have their assignment screened by Turnitin. See [Turnitin http://uwaterloo.ca/academic-integrity/integrity-waterloo-faculty/turnitin-waterloo](http://uwaterloo.ca/academic-integrity/integrity-waterloo-faculty/turnitin-waterloo) for more information.