ICA/IPS 203: Issues in International Economics

The purpose of the course is to equip students with the tools to analyze international trade issues, policies and events. To that end, the course focuses on key topics in international trade and trade policy. These topics include the relationship between trade and growth and trade and labor, regionalism versus multilateralism, the World Trade Organization (WTO), the political economy of trade policy, trade policies for developing countries and other selected topical international trade issues.

Prerequisites: The prerequisite for the course is International Economics (Econ 165) or an equivalent course. Students are therefore, expected to know key trade theories such as the Ricardian model of comparative advantage, the Heckscher-Ohlin model as well as the economic analysis of instruments of trade policy. If you need a primer on international trade theory, Krugman, Paul and Maurice Obstfeld, International Economics: Theory and Policy, 6th edition (2003), Addison-Wesley, should be useful.

Required Reading: The required book for this course is:
Available at the Stanford bookstore.

Course Requirements: The course grade will be composed of the weighted average of three grades as follows:

Midterm: 40%
Paper: 35%
Presentation: 25%

Midterm: The Midterm will be a closed book, in class exam held on Tuesday, May 16, 2006. There will be no makeup exams.

Paper
The paper should be 20-25 pages in length (typewritten, one-inch margins, 12 point font size and double-spaced) and is due on the last day of classes, Wednesday June 7, 2006 by 5pm. You need to have the topic approved early in the quarter. A one-page project proposal briefly discussing your planned topic with an attached bibliography is due on Thursday, April 13, 2006 in class.

Students will be responsible for a paper on a policy topic in international trade. Ideally, the paper will be an application of the tools that you learn in this class. You may include both theoretical and empirical elements, in fact original empirical analysis is encouraged. Moreover, you need to make sure that your paper contains an original contribution and is not merely a synthesis of research on the chosen topic. Some suggested issues in international economics are as follows:

1. The impact of trade liberalization on poverty.
2. The consequences of the expiration of the Multi-Fiber Agreement (MFA) on developing and industrialized countries.
3. An analysis of the relationship between trade and a particular aspect of technical barriers or standards.
4. Export Processing Zones.
6. A particular aspect of the impact of China’s accession to the WTO – for instance, issues such as the international impact of China’s accession to the WTO or the impact of WTO accession on China’s export sector.
8. The economic consequences of trade sanctions.
9. Does openness to trade make countries more vulnerable to externally induced crises?
10. International trade in “Bads”.
11. Culture and global trade.
12. Corruption in international trade.
13. Trade adjustment assistance.
14. Trade policies for transition economies.
15. Is there a need for a Multilateral Trading System?

The following resources may aid you in your search for a topic.
1. *The Economist* magazine.
3. *Foreign Affairs* journal.
4. From Socrates, you can access the Economics Literature database (called *EconLit*). Do a search by keyword.
5. Browse academic economics journals by subject on [www.jstor.org](http://www.jstor.org) and [www.ingentaconnect.com/content/](http://www.ingentaconnect.com/content/).
7. Recommended background papers (denoted with an asterisk in the course outline) are also good sources for international trade topics.

**Writing Guides**
The following will be useful as guidance for writing clearly and succinctly.


**Class Presentation**
You are required to give a presentation of your paper. The logistics and date of the presentation are to be determined.

**Class Participation/Discussion**
You are expected to read the required readings prior to class and to be ready to actively participate in class discussions. You should approach the readings from a critical perspective. The points you bring up during class discussion should be well thought out and organized, not merely a repetition of the reading material. You should try to find current articles on the issues we will be discussing and refer to them as support for your arguments. Furthermore, you are expected to provide feedback during your classmates’ presentations.

**Class Website**
Selected course material will be available on the class website [http://coursework.stanford.edu/](http://coursework.stanford.edu/).
Course Outline

The journal articles discussed in class are available on [www.jstor.org](http://www.jstor.org), [www.ingentaconnect.com/content/](http://www.ingentaconnect.com/content/), [http://www.sciencedirect.com/](http://www.sciencedirect.com/) or as indicated in the course outline. The Stanford Libraries E-Journals is also a good source for articles.

Additional readings will be distributed in class as appropriate. Readings marked with an asterisk are recommended background and supplementary readings.

### 1. Introduction: Recent Trends in International Trade

### 2. Trade and Growth


3. The World Trade Organization (WTO) and the Multilateral Trading System

Handout: The WTO in Brief


4. Regionalism


5. Political Economy of Trade Policy


6. Trade and Labor


7. Trade and the Environment


8. **Strategic Trade and Antidumping**


9. **Trade Policies for Developing Countries**


Overseas Development Institute, (1992) “Explaining Africa’s Development.”