

THE UNIVERSITY OF MICHIGAN
Gerald R. Ford School of Public Policy
 and
Department of Economics

PubPol/Econ 541
INTERNATIONAL TRADE POLICY

SYLLABUS
Fall 2023, Alan Deardorff
MW 8:30 AM Zoom

Contacts	Class structure	Text	Podcasts	Questions	Requirements	Schedule	Policies	Readings
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CONTACTS

Alan Deardorff:

Office: 5304 Weill (But I may never be there, unless you ask for an in-person appointment)

Phone: 734-239-5914 (My cell, but I prefer you to use email)

Office Hours: Mondays and Thursdays 10-11 AM via Zoom

E-mail: alandear@umich.edu

Feel free to e-mail me with questions or to request a virtual meeting outside of my office hours.

Zoom Links: (for classes and office hours)

Class sessions: <https://umich.zoom.us/j/93951974815> Passcode = 541

Office hours: <https://umich.zoom.us/j/92573212700> Passcode = 541

Course Home Page:

<http://www-personal.umich.edu/~alandear/courses/541/541.html>

PURPOSE: The aim of this course is to teach you a lot about the economics -- and a little about the institutions -- of international trade and trade policy. The course is companion to SPP 542, International Finance Policy, which deals with international macroeconomic topics such as the balance of trade and balance of payments, determination of exchange rates, and international macroeconomic policies. Each course also includes some bare essentials of the other course so that if you take only one of them, you won't be lost in the world economy.

The course is mainly about trade policy. You will learn what trade policies are, how they are used by the United States and other countries, and how their use is restricted by international agreements. More importantly you will learn how to use economic modeling to understand the effects of trade policies and to quantify those effects. Along the way you will also learn about the institutions of the world economy, especially those that have to do with trade. And you will learn a little bit about the economic theories of why nations trade, why economists argue that they gain from trade, and why there are also losers from trade.

Prerequisite: PubPol/Econ 555 or equivalent course in intermediate microeconomics

Organization: The course meets twice a week, Mondays and Wednesdays, 8:30-9:50 AM, online via Zoom.

Room reserved: While the class will meet only online, some of you may need a quiet place to access it if you need to be on campus for other courses. The registrar has reserved 1220 Weill Hall for your use

during the MW 8:30-9:50 class time, and you are welcome to use that space to access the course with your own laptop.

CLASS STRUCTURE

- Some of our classes will be entirely discussion, with questions and answers both from me and from you.
- All other classes will be a mix of lecture and discussion. For the lecture portions, I will draw on PowerPoint slides that I will make available before class both on [Canvas](#) and on the [public website](#) for the course.
- All classes will be recorded by Zoom and made available after.
- During each class, keep your video camera turned on so that I can see any responses and reactions during class. If you have background noise, keep your microphone off, turning it on only to speak.
- If you miss a class, you should view the recorded version as soon as possible, but understand that you will not be able to participate in class discussion.
- **Canvas:** You will use Canvas to take quizzes and to turn in papers, all of which will be found in Canvas under Assignments. But otherwise all access and information about the course, including this syllabus, will be found most directly on my publicly available [website](#) for the course. There is a link in Canvas to that site, but you can access it directly from my personal [website](#), which you can also find by Googling Deardorff.

TEXTS

The textbooks for the course are

Krugman, Paul R., Maurice Obstfeld, and Marc Melitz ("KOM" below), **one** of the following as explained below:

International Economics: Theory and Policy, 12th edition, Pearson, 2022, isbn-13 # 978-0-13-664765-2

International Economics: Theory and Policy, 11th edition, Pearson, 2018, isbn-13 #978-0-13-452063-6

Jackson, John H., *The World Trading System: Law and Policy of International Economic Relations*, Second Edition, MIT Press, 1997, isbn #0-262-60027-7, out of print (see below).

NOTE on the Krugman, Obstfeld, Melitz text:

The most recent edition, the 12th, came out in 2022. I list page numbers for that and for the previous editions, the 11th. An earlier edition exists in a trade-only version that would be acceptable except that it excludes chapters on exchange rates and balance of payments, which I also assign, so I've made those available on Canvas.

NOTE on the Jackson text:

The Jackson text is out of print, so I have scanned the assigned portions and made them available on Canvas. However, you may want to look for used copies of the book online, since that may be more convenient for reading.

There are also many additional readings that are required. All are available under Files/Resources/Readings on Canvas, and linked to on this syllabus. Many of the readings are also available free to the public on the web, through links included on this syllabus. A few readings are available through subscription sites, including ones subscribed to by U of M (e.g., JSTOR). And a few are available only on Canvas.

Because of the speed with which issues evolve, readings selected in advance can never cover all of the latest developments. We will therefore spend time each week discussing recent news related to trade and

trade policy. You should follow current issues of international trade policy by reading daily periodicals such as the *Wall Street Journal*, *New York Times*, or *Financial Times* or weekly publications such as *Business Week* or *The Economist*. Student subscriptions to these publications are available at reduced prices. I also post links to relevant news items on my personal website. We will devote some time each week to discussing the news.

PODCASTS

For the last five years, the [Peterson Institute for International Economics](#) has provided weekly podcasts, *Trade Talks*, most of them featuring Soumaya Keynes of *The Economist* and PIIE scholar Chad Bown, discussing topics of international trade policy. I include links to a number of these at appropriate points in the syllabus marked **Optional to View**. I have not listened to many of them myself, but I've heard enough to know that they are valuable, if you can take the time to listen to them.

QUESTIONS ON READINGS

For each topic I will provide a link to a page or more of questions on the readings, which I post to Canvas and link to on this syllabus. These questions have several purposes:

- To assist your **studying the material**. I suggest that, when you finish reading and making notes on an assigned reading, you immediately see if you can answer these questions. If not, go back and look for the answers while the reading is fresh in your mind.
- To provide the **basis for in-class discussion**. I will ask a few of these questions during class discussion. By preparing beforehand, you'll be better able to participate, either by answering the questions themselves or by responding to answers that others give.
- To give you a glimpse of part of **what will appear on quizzes** (see below). In addition to asking you to understand and use the economic tools in the course, quizzes will also include more qualitative and informational questions, many of which will be drawn from these posted questions, whether or not we have addressed them in class.

REQUIREMENTS

Requirements for the course consist of a series of problem sets that will *not* be graded, three graded short papers handed in during the term, graded weekly quizzes, and class participation.

- The **papers** will be written by assigned groups of two or three. They are intended for you to apply the tools of economic analysis of trade policies that you'll be learning in this class.
- The **quizzes** will also test that knowledge, but in addition they will let you show more broadly what you have learned about the role of trade policy, both in general and in the context of current events. Only ten of these quizzes (which I expect will number 12 or 13) will count toward your grade, as I will drop the two or three on which you score the worst or do not submit. Each quiz is worth 10 points and you have 45 minutes to complete them. Quizzes become available after class on Wednesdays and are due at 11:59 on Fridays. You may submit them late, up to 11:59 on Saturdays, but one point will be deducted from your score.
- Class **participation** will involve your answering and asking questions during class, through Zoom. In addition to answering the questions that I will ask (see above), you'll get credit for asking your own questions and answering questions raised by others. Note that **there ARE NO stupid questions!** If you don't understand something, it's almost certain that others (and perhaps I) share your confusion, and you'll be helping both them and me by asking your questions.

The weights on each of these requirements in determining your grade will be as follows:

Problem Sets	0%
Papers	45% (15% for each of three papers)
Quizzes	40% (4% for each of your top ten)

Class participation 15%

SCHEDULE

Quizzes Due every Friday 11:59 PM (Accepted late to Sat 11:59 PM with 1 point penalty)

Paper #1 Wednesday, October 4 8:30 AM

Paper #2 Wednesday, November 8 8:30 AM

Paper #3 Wednesday, December 6 8:30 AM

WRITING ASSISTANCE

I will grade your papers on both content and presentation, which means you should take full advantage of the Ford School resources for helping you with your writing. See <http://fordschool.umich.edu/writing-center/> for more information, including links to the websites for signing up for advising appointments. This assistance is available to all students in Ford School courses, such as this, whether or not you are enrolled in a Ford School program.

FORD SCHOOL POLICIES AND EXPECTATIONS

Ford School Public Health Protection Policy: In order to participate in any in-person aspects of this course, including meeting with other students to study or work on your group papers, you must follow all the public health safety measures and policies put in place by the State of Michigan, Washtenaw County, the University of Michigan, and the Ford School. Up to date information on U-M policies can be found [here](#). It is expected that you will protect and enhance the health of everyone in the Ford School community by staying home and following self-isolation guidelines if you are experiencing any symptoms of COVID-19.

Inclusivity: Members of the Ford School community represent a rich variety of backgrounds and perspectives. We are committed to providing an atmosphere for learning that respects diversity. While working together to build this community we ask all members to:

- share their unique experiences, values and beliefs
- be open to the views of others
- honor the uniqueness of their colleagues
- appreciate the opportunity that we have to learn from each other in this community
- value one another's opinions and communicate in a respectful manner
- keep confidential discussions that the community has of a personal (or professional) nature
- use this opportunity together to discuss ways in which we can create an inclusive environment in Ford classes and across the UM community

Accommodations for Students with Disabilities: If you believe you need an accommodation for a disability, please reach out to U-M [Services for Students with Disabilities \(SSD\)](#) office to help determine appropriate academic accommodations and how to communicate about your accommodations with your professors. Any information you provide will be treated as private and confidential.

Student Mental Health and Well-Being Resources: The University of Michigan is committed to advancing the mental health and wellbeing of its students. We acknowledge that a variety of issues, both those relating to the pandemic and other issues such as strained relationships, increased anxiety, alcohol/drug problems, and depression, can directly impact students' academic performance and overall wellbeing. If you or someone you know is feeling overwhelmed, depressed, and/or in need of support, services are available.

You may access counselors and urgent services at [Counseling and Psychological Services \(CAPS\)](#) and/or [University Health Service \(UHS\)](#). Students may also use the Crisis Text Line (text '4UMICH' to 741741)

to be connected to a trained crisis volunteer. You can find additional resources both on and off campus through the [University Health Service](#) and through [CAPS](#).

Academic Integrity: The Ford School academic community, like all communities, functions best when its members treat one another with honesty, fairness, respect, and trust. We hold all members of our community to high standards of scholarship and integrity. To accomplish its mission of providing an optimal educational environment and developing leaders of society, the Ford School promotes the assumption of personal responsibility and integrity and prohibits all forms of academic dishonesty, plagiarism and misconduct. Academic dishonesty may be understood as any action or attempted action that may result in creating an unfair academic advantage for oneself or an unfair academic advantage or disadvantage for any other member or members of the academic community. Plagiarism involves representing the words, ideas, or work of others as one's own in writing or presentations, and failing to give full and proper credit to the original source. Conduct, without regard to motive, that violates the academic integrity and ethical standards will result in serious consequences and disciplinary action. The Ford School's policy of academic integrity can be found in the [MPP/MPA](#), [BA](#), and [PhD](#) Program handbooks. Additional information regarding academic dishonesty, plagiarism and misconduct and their consequences is available at: <http://www.rackham.umich.edu/current-students/policies/academic-policies/section11#112>.

Use of Technology Students should follow instructions from their instructor as to acceptable use of technology in the classroom, including laptops, in each course. All course materials (including slides, assignments, handouts, pre-recorded lectures or recordings of class) are to be considered confidential material and are not to be shared in full or part with anyone outside of the course participants. Likewise, your own personal recording (audio or video) of your classes or office hour sessions is allowed only with the express written permission of your instructor. If you wish to post course materials or photographs/videos of classmates or your instructor to third-party sites (e.g. social media), you must first have informed consent. **Without explicit permission from the instructor and in some cases your classmates, the public distribution or posting of any photos, audio/video recordings or pre-recordings from class, discussion section or office hours, even if you have permission to record, is not allowed and could be considered academic misconduct.**

Technology in this class: Regarding technology, you will of course be using it for our class meetings, since they are all online. You are welcome to use whatever devices you find helpful during class, such as looking up current news and other information relevant to class discussion. Quizzes will be open book, and you will be welcome to use online resources (but not other students) to help you, subject to the quiz time limit.

In this class, contrary to what is stated above, not all course materials are confidential, because I post them on my publicly available website. Specifically, this syllabus and the associated list of readings, slides for each class, and the assignments are all available there. Therefore you are also free, if you wish, to share them with others. Some materials, such as the questions that I provide for each class, are available only through Canvas, however, and such materials are indeed not to be shared. Likewise, quiz questions and answers should not be shared.

Please review additional information and policies regarding academic expectations and resources at the Ford School of Public Policy at: <https://intranet.fordschool.umich.edu/academic-expectations>.

COURSE OUTLINE AND READING LIST

NOTES:	<ol style="list-style-type: none"> 1. Click title for citation; click Online for item if it is on the web; click Canvas for the items not on the web. 2. Copies of all readings other than from the KOM textbook are also available in Canvas. 3. All readings are required unless marked "Optional to
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Read," but a few required readings are marked with a tilde, ~. These represent views that are not necessarily justified by economic analysis. They often contain useful factual information, but I disagree with some of their interpretations, and they are here so that you will be aware of a range of views.

0. Introduction to the Course (Class 0: Aug 28)

No readings for today. For all subsequent classes, you should read everything assigned **before** the class meets.

I've listed the numbers of pages for each reading and for each topic, so plan accordingly.

Today: I will introduce myself and ask each of you to introduce yourselves, so plan to turn on your microphone and camera. Tell the class:

- Who you are,
- What you want to be called,
- What program and year you are in,
- Where you are from, and
- Any particular questions or answers you have about international economics.

Following that I will present some background information about the international economy and trade.

Optional to View:

Kudlow, "Don't blame Trump' for trade fights" [YouTube](#) (2:14)

Oliver, "Trade" [YouTube](#) (21:13)

I. Overview of the International Economy

A.1. The State of Play in International Trade and Trade Policy I: Trade Wars (Class 1: Aug 30) [55 pp + Opt 22 pp] **Questions**

Bown & Kolb, "[Trade War Timeline](#)" | [Online \(PDF\)](#). [27 pp]

Steel & Aluminum:

Williams, "[Biden official says protecting US steel a national security issue](#)" | [Canvas](#). [3 pp]

Bounds, "[EU rejects US offer to end steel tariff dispute](#)" | [Canvas](#). [3 pp]

Optional to Read:

Wall Street Journal Editorial Board, "[Call Them the Biden-Trump Tariffs Now](#)" | [Canvas](#). [2 pp]

Optional to View:

Trade Talks #159, "How Biden and Europe settled Trump's steel and aluminum tariffs" 11/7/21 | [Podcast](#) [22:44 minutes]

Trade Talks #175, "The dreaded WTO ruling on Trump's national security tariffs" 1/22/23 | [Podcast](#) [54:36 minutes]

China Tariffs:

Economist, "[New research counts the costs of the Sino-American trade war](#)" | [Canvas](#). [3 pp]

Manak et al., "[The Cost of Trump's Trade War with China Is Still Adding Up](#)" | [Online](#) [7 pp]

Swanson, "[The Contentious U.S.-China Relationship, by the Numbers](#)" | [Canvas](#). [2 pp]

Optional to Read:

Bown and Wang, "[Five years into the trade war, China continues its slow decoupling from US exports](#)" | [Online \(PDF\)](#). [17 pp]

Optional to View:

Trade Talks #118, "Ins and Outs of the US-China Phase-One Trade Deal" 1/18/20 | [Podcast](#) [44:58 minutes]

Trade Talks #181, "US-China trade war fallout: This is what decoupling looks like" 3/21/23 | [Podcast](#) [45:43 minutes]

Semiconductors:

Mozur and Liu, "[With Ban on Micron, China Escalates Microchip Clash With U.S.](#)" | [Canvas](#). [2 pp]

Hayashi and McKinnon, "[U.S. Looks to Restrict China's Access to Cloud Computing to Protect Advanced Technology](#)" | [Canvas](#). [4 pp]

Sohn et al., "[China's Export Curb on Chip-Making Metals Prompts Countries to Explore Supply-Chain Diversification](#)" | [Canvas](#). [4 pp]

Optional to Read:

Bounds et al., "[Dozens of ASML shipments to China face tougher export curbs](#)" | [Canvas](#). [3 pp]

Optional to View:

Miller, Chris, "Chip War: The Fight for the World's Most Critical Technology" 2/23/23 | [Video](#) [84 minutes]

Trade Talks #170, "National security, semiconductors, and the US move to cut off China" 11/2/22 | [Podcast](#) [59:33 minutes]

**Quiz 0, Due Fri, Sep 1 11:59 PM
Practice Quiz, not for credit**

A.2. The State of Play in International Trade and Trade Policy II: Other (Class 2: Sep 6) [50 pp + Opt 41 pp] [Questions](#)

Optional to Read:

KOM: [21 pp]

Ch. 1, "Introduction"

Ch. 2, "World Trade: An Overview"

BREXIT:

Kirkegaard, "[The Brexit agreement: An economic guide for the perplexed](#)" | [Online](#). [4 pp]

Economist, "[Brexit and Northern Ireland: Explaining what is in the Windsor framework](#)" | [Canvas](#). [2 pp]

Economist, "[Buyers' remorse: As Britons grow more unhappy with Brexit, what happens next?](#)" | [Canvas](#). [3 pp]

Optional to Read:

Economist, "[The story of a divorce: How Brexit happened](#)" | [Canvas](#). [8 pp]

Booth, "[Brexit is Boris Johnson's singular achievement. How well is it working?](#)" | [Canvas](#). [4 pp]

Optional to View:

Trade Talks #154, "Global Britain: How's that going then?" 6/17/21 | [Podcast](#) [27:55 minutes]

CHINA TRADE ACTIONS:

Hille and Langley, "[China suspends 2,000 food products from Taiwan as Nancy Pelosi visits](#)" | [Canvas](#). [2 pp]

Michaels, "[EU Sues China in WTO Over Trade Retaliation on Lithuania](#)" | [Canvas](#). [3 pp]

Economist, "[The Dragon Shows Its Claws: China hits back against Western sanctions](#)" | [Canvas](#). [4 pp]

Optional to Read:

Economist, "[Surviving the dragon: Australia has faced down China's trade bans and emerged stronger](#)" | [Canvas](#). [7 pp]

RUSSIA SANCTIONS:

Bown, "[Russia's war on Ukraine: A sanctions timeline](#)" | [Online](#). [4 pp]

Optional to Read:

Funakoshi et al., "[Tracking sanctions against Russia](#)" ("Sanctions by Countries" only) | [Online](#). [11 pp]

Talley et al., "[U.S. Plans to Expand Sanctions, Export Controls on Russia](#)" | [Canvas](#). [4 pp]

GREEN SUBSIDIES:

Wall Street Journal Editorial Board, "[The Green Subsidy War Accelerates](#)" | [Canvas](#). [2 pp]

Economist, "[Green protectionism: How the EU should respond to American subsidies](#)" | [Canvas](#). [2 pp]

Optional to Read:

Ewing and Eddy, "[As U.S. Races Ahead, Europe Frets About Battery Factory Subsidies](#)" | [Canvas](#). [4 pp]

OTHER DISPUTES AND ACTIONS:

Japan-South Korea Trade Dispute:

Davies and Inagaki, "[Japan and South Korea resolve trade dispute as leaders hail 'new era'](#)" | [Canvas](#). [4 pp]

US-Mexico on GM Corn:

Swanson and Qiu, "[U.S. to Challenge Mexican Ban on Genetically Modified Corn](#)" | [Canvas](#). [2 pp]

EU-China Green Tech:

Bounds and Hancock, "[Brussels to curb imports of Chinese green tech](#)" | [Canvas](#). [3 pp]

EU Carbon Tariff:

Hancock and Dempsey, "[Aluminium companies complain about EU carbon border tax loophole](#)" | [Canvas](#). [3 pp]

Optional to Read:

Financial Times Editorial Board, "[The EU's pioneering carbon border tax](#)" | [Canvas](#). [3 pp]

Japan-Australia LNG:

Lebrun, "[Japan Accuses Australia of Betrayal in Fight Over Natural-Gas Exports](#)" | [Canvas](#). [3 pp]

India laptops:

Roy, "[Importing Laptops Into India Will Now Require a Permit](#)" | [Canvas](#). [3 pp]

Optional to Read:

Rajaraman, "[Laptops and tomatoes: Changes that show how little has changed](#)" | [Canvas](#). [1 pp]

US-EU cheese beef:

Peterson, "[The U.S. Has a Beef with Europe -- Over Cheese](#)" | [Canvas](#). [6 pp]

Quiz 1, Due Fri, Sep 8 11:59 PM
State of Play

B. Tariffs and Quotas (Classes 3, 4: Sep 11, 13) [29 pp + Opt 16 pp] Questions

KOM: [12 pp]

"Basic Tariff Analysis"

"Costs and Benefits of a Tariff"

12th Ed.: Ch. 9, pp. 216-227

11th Ed.: Ch. 9, pp. 215-226

10th Ed. (trade only): Ch. 9, pp. 206-217, 220-224

Deardorff, "[Nontariff Barriers and Domestic Regulation](#)", pp. 1-12 | [Online \(PDF\)](#) [12 pp]

Lahart, "[The Imperfect Science of How Much Tariffs Will Hurt](#)". | [Canvas](#). [2 pp]

Martin, "[US Importers Bore Cost of Trump's China Goods Tariffs, ITC Says](#)". | [Canvas](#). [3 pp]

Optional to Read:

Deardorff, "[Analysis of Tariffs and Quotas](#)" | [Canvas](#). [16 pp]

Optional to View:

Touillon-Ricci, "[A 4,000-year old tale of trade and contraband](#)" (7:54) (Tariffs are not new!)

Trade Talks #122, "Tariffs, Protests and Wine" 2/23/20 | [Podcast](#) [29:58 minutes]

Trade Talks #130, "So you want to design a tariff schedule..." 5/31/20 | [Podcast](#) [33:14 minutes]

Quiz 2, Due Fri, Sep 15 11:59 PM

Tariff Analysis

C. Exchange Rates (Class 5: Sep 18) [22 pp + Opt 3] [Questions](#)

KOM: [11 pp]

"Exchange Rates and International Transactions"

"The Foreign Exchange Market"

12th Ed. Ch 14, pp. 356-364

11th Ed. Ch 14, pp. 350-360 [Canvas](#) (for those who have an older trade-only text).

Economist, "[The Big Mac index: What the Big Mac index says about the dollar and the dong](#)" | [Canvas](#). [4 pp]

Economist, "[What comes after Bretton Woods II?](#)" | [Canvas](#). [3 pp]

McDougall, "[US dollar to maintain dominance over next decade, say central banks](#)" | [Canvas](#). [4 pp]

Optional to Read:

Economist, "[Patty-purchasing power: The dollar is now better value, says the Big Mac index](#)" | [Canvas](#). [3 pp]

Optional to View:

Trade Talks #95, "Is China a Currency Manipulator?" 8/9/19 | [Podcast](#) [22:33 minutes]

Trade Talks #104, "How to Hit Currency Manipulators and Fight the Strong Dollar" 12/19/19 | [Podcast](#) [29:01 minutes]

D. International Transactions and the Trade Balance (Class 6: Sep 20) [50 pp + Opt 14 pp] [Questions](#)

KOM: [25 pp]

Ch 13, "National Income Accounting and the Balance of Payments"

[Canvas](#) (for those who have an older trade-only text).

Berg, "[International Transactions](#)" | [Online](#) [15 pp]

Swanson, "[America's Trade Deficit Surged in 2022, Nearing \\$1 Trillion](#)" | [Canvas](#). [3 pp]

Obstfeld, "[Targeting specific trade deficits is a game of whack-a-mole](#)" | [Canvas](#). [2 pp]

~Scott, "[U.S. trade deficits hit record highs in 2021](#)" | [Online](#) [3 pp]

Krugman, "[Of Dictators and Trade Surpluses](#)" | [Canvas](#). [2 pp]

Optional to Read:

~Scott & Mokhiber, "[Growing China trade deficit cost 3.7 million American jobs](#)" pp. 1-9 only | [Online \(PDF\)](#) [9 pp]

~Buffett, "[America's Growing Trade Deficit Is Selling the Nation Out From Under Us](#)" | [Online \(PDF\)](#). [5 pp]

Optional to View:

Trade Talks #98, "What's Wrong with Germany's Trade Surplus" 8/28/19 | [Podcast](#) [31:46 minutes]

Quiz 3, Due Fri, Sep 22 11:59 PM
Exchange Rates and BOP

E. Policies and Institutions: International (Classes 7, 8: Sep 25-27) [64 pp + Opt 43 pp] [Questions](#)

KOM: [10 pp]

"International Negotiations and Trade Policy"

"BOX: Settling a Dispute -- And Creating One"

"CASE STUDY: Testing the WTO's Metal"

12th Ed.: Ch. 10, pp. 264-272

11th Ed.: Ch. 10, pp. 260-269

10th Ed. (trade only): Ch. 10, pp. 252-262

Jackson, Ch. 1 pp. 1-11 [Canvas](#). [11 pp]

Jackson, Ch. 2 pp. 49-58 [Canvas](#). [10 pp]

Rodrik, "[What Do Trade Agreements Really Do?](#)" | [Canvas](#). [18 pp]

Geneva Trade Platform, "[Multi-Party Interim Appeal Arbitration Arrangement \(MPIA\)](#)" (not "cases" and "news") | [Online](#). [4 pp]

Alden, "[Free Trade is Dead. Risky 'Managed Trade' Is Here](#)" | [Canvas](#). [5 pp]

Beattie, "[The WTO's marathon exercise in staying alive](#)" | [Canvas](#). [3 pp]

White et al., "[China hits back at US chip sanctions with WTO dispute](#)" | [Canvas](#). [3 pp]

Optional to Read:

Jackson, Ch. 2 pp. 31-49, 58-78 [Canvas](#). [31 pp]

Schlesinger, "[How China Swallowed the WTO](#)" | [Canvas](#). [12 pp]

Optional to View:

Trade Talks #60, "America May Be Doing Away with WTO Dispute Settlement" 10/28/18 | [Podcast](#) [31:50 minutes]

Trade Talks #180, "The WTO is in trouble. Econ 101 to the rescue?" 3/21/23 | [Podcast](#) [1:10:41 minutes]

Quiz 4, Due Fri, Sep 29 11:59 PM
International Institutions

F. Policies and Institutions: National, United States (Class 9: Oct 2) [43 pp + Opt 11 pp] [Questions](#)

Jackson, Ch. 3, pp. 79-100 [Canvas](#). [21 pp]

Verrill, "[An Introduction To Trade Remedies Available Under U.S. Law](#)" | [Canvas](#). [3 pp]

USTR, "[FACT SHEET: USTR Releases 2023 Trade Policy Agenda and 2022 Annual Report](#)" | [Canvas](#). [2 pp]

Swanson, "[Biden's Reluctant Approach to Free Trade Draws Backlash](#)" | [Canvas](#). [5 pp]

Boot, "[Biden is making the same mistake as Trump on China](#)" | [Canvas](#). [3 pp]

Foroohar, "[America is telling a very different story about trade](#)" | [Canvas](#). [3 pp]

Economist, "[Trade mission: Taking stock of America's flagship trade programme for Africa](#)," | [Canvas](#). [4 p]

Fefer et al., "[Section 232 Investigations: Overview and Issues for Congress](#)," | [Canvas](#). [2 p]

Optional to Read:

Zumbrun, "[The \\$67 Billion Tariff Dodge That's Undermining U.S. Trade Policy](#)" | [Canvas](#). [6 pp]

Rampell, "[What women's underwear tells us about our trade system](#)" | [Canvas](#). [5 pp]

G. Policies and Institutions: National, Other (Class 10: Oct 4) [41 pp] Questions

European Union:

Jackson, Ch. 3, pp. 100-104 [Canvas](#). [5 pp]

EC, "[The European Union in Brief](#)" | [Canvas](#) [5 pp]

EC - Trade, "[Making Trade Policy](#)" | [Online](#) [2 pp]

Matthijs and Parsons, "[Single-Market Power: How Europe Surpassed America in the Quest for Economic Integration.](#)" | [Canvas](#). [6 pp]

Economist, "[The Trade War Within](#)" | [Canvas](#). [3 pp]

Bounds, "[EU seeks protected status for goods such as Donegal tweed and Limoges porcelain](#)" | [Canvas](#). [2 pp]

Optional to View:

Trade Talks #148, "The EU's new trade policy, with Sabine Weyand of DG Trade" 1/17/21 | [Podcast](#) [41:31 minutes]

Japan:

Jackson, Ch. 3, pp. 104-105 [Canvas](#). [1 p]

METI, "[Trade Control](#)" | [Online](#) [1 p]

WTO, "[Trade Policy Review: Japan](#)" | [Online-PDF](#) [5 pp]

China:

MOFCOM, "[Mission](#)" of the Ministry of Commerce, People's Republic of China | [Online](#). [4 pp]

WTO, "[Trade Policy Review: China](#)" | [Online-PDF](#) [6 pp]

Wei, "[China Spends Far More Than Others to Help Favored Industries, Report Finds](#)" | [Canvas](#). [4 pp]

Paper 1, Due Wednesday, Oct 4 8:30 AM

Quiz 5, Due Fri, Oct 6 11:59 PM

National Institutions

II. Trade Barriers

A. Non-tariff Barriers (Class 11: Oct 9) [46 pp] Questions

KOM: [10 pp]

"Import Quotas: Theory"

"Voluntary Export Restraints"

"Local Content Requirements"

"Other Trade Policy Instruments"

12th Ed.: Ch. 9, pp. 233-241

11th Ed.: Ch. 9, pp. 229-238

10th Ed. (trade only): Ch. 9, pp. 217-220, 224-227, 232-235

Jackson, Ch. 5, pp. 153-156 [Canvas](#). [3 pp]

Deardorff, "[Nontariff Barriers and Domestic Regulation](#)", pp. 12-16 | [Canvas](#). [5 pp]

Feenstra, "[How Costly Is Protectionism?](#)" | [Canvas](#). [20 pp]

Beattie, "[Mind your TRQs: a Brexit lesson in global trade](#)" | [Canvas](#). [4 pp]

Economist, "[Buying local is more expensive than it looks](#)" | [Canvas](#). [4 pp]

Optional to View:

Trade Talks #49, "Are Trump's Steel Quotas Worse than His Steel Tariffs?" 8/1/18 | [Podcast](#) [20:26 minutes]

B. Export Policies (Class 12: Oct 11) [37 pp + Opt 22 pp for Intermission] [Questions](#)

Laborde et al., "[A Global Assessment of the Economic Effects of Export Taxes](#)" | [Canvas](#). [17 pp after omissions]

Beckman et al., "[The impacts of export taxes on agricultural trade](#)" | [Online](#) [4 pp]

Economist, "[Full metal jacket: Indonesia embraces resource nationalism](#)" | [Canvas](#). [2 pp]

Reed and Singh, "[India restricts rice exports as commodity prices surge](#)" | [Canvas](#). [2 pp]

Fildes, "[Australia rattles industry and trading partners with energy interventions](#)" | [Canvas](#). [3 pp]

Khan, "[Increasing Export Restrictions on Critical Minerals Threaten Energy Transition, OECD Says](#)" | [Canvas](#). [3 pp]

Godek, "[Why China's Export Controls on Germanium and Gallium May Not Be Effective](#)" | [Online](#) [6 pp]

Optional to View:

Trade Talks #146, "Semiconductors and US export bans -- from Huawei to SMIC" 12/20/20 | [Podcast](#) [32:35 minutes]

Quiz 6, Due Fri, Oct 13 11:59 PM

NTBs and Export Taxes

FALL STUDY BREAK, Oct 16-17

***** INTERMISSION, Wednesday Oct 16 *****

We will not hold a formal class, due to Fall Study Break, and there are no required assignments. But I will be available during class time for discussion with those who may want to attend with questions or comments. The optional readings below may be of interest to some. [Questions](#)

Optional to Read: [Questions](#)

Scott, "[It's time to end the male monopoly in international trade](#)" | [Canvas](#). [5 pp]

Economist, "[Making trade greener: When environmental protection turns into trade protection](#)" | [Canvas](#). [6 pp]

Telling, "[China urges developing countries to oppose 'unrealistic' shipping levy](#)" | [Canvas](#). [3 pp]

Economist, "[The urge to protect: How trade restrictions are being used as a tool to protect human rights](#)" | [Canvas](#). [6 pp]

Swanson, "[Foreign Trade Competition Has Hurt Black and Disadvantaged Workers Most, Report Says](#)" | [Canvas](#). [2 pp]

Optional to View:

Trade Talks #124, "Is Trade Bad for Women?" 3/5/20 | [Podcast](#) [21:07 minutes]

C. Multi-Market Analysis (Class 13: Oct 18) [13 pp] [Questions](#)

Deardorff, "[Trade Policy with Interacting Markets](#)" | [Canvas](#). [13 pp]

D. Why Countries Restrict Trade (Class 14: Oct 23) [48 pp + Opt 19 pp] Questions

KOM: [14 pp]

"The Case for Free Trade"

"National Welfare Arguments against Free Trade"

"Income Distribution and Trade Policy"

"BOX: Politicians for Sale: Evidence from the 1990s"

12th Ed.: Ch. 10, pp. 251-262

11th Ed.: Ch. 10, pp. 246-259

10th Ed. (trade only): Ch. 10, pp. 236-252

Baldwin and Magee, "Is Trade Policy for Sale?" | Online-Springer (PDF). [22 pp]Magee, "Why Are Trade Barriers So Low?" | Online-Wiley. [6 pp]Krugman, "Wonking Out: Two Cheers for Carbon Tariffs" | Canvas. [3 pp]Ponnuru, "The politics of trade favor Trump in 2024" | Canvas. [3 pp]**Optional to Read:**Deardorff and Stern, "Introduction" | Canvas. [19 pp]**Optional to View:**Davidson, "U.S. Tariffs On Shoes" | Online [4 minutes]Trade Talks #121, "Can Infant Industry Protection Work? Evidence from Napoleon"
2/12/20 | Podcast [24:09 minutes]Trade Talks #156, "Tackling climate change with a carbon border adjustment mechanism"
7/25/21 | Podcast [43:45 minutes]**III. The Theory of International Specialization and Exchange****A. The Standard Trade Model (Classes 15, 16: Oct 25, Oct 30) [26 pp] Questions**

KOM: [22 pp]

"The Standard Trade Model"

Ch. 6 (any edition)

Bernhofen & Brown, "Evidence from nineteenth century Japan" | Online [4 pp]

Quiz 7, Due Fri, Oct 27 11:59 PM**Multi-Market and Why Restrict**

B. Behind the Standard Trade Model: Comp. Adv., Inc. Dist. (Class 17: Nov 1) [51 pp] Questions

KOM, on comparative advantage: [15 pp]

"The Concept of Comparative Advantage"

"A One-Factor Economy"

"Trade in a One-Factor World"

"BOX: The Case of Babe Ruth"

"BOX: The Losses from Nontrade"

"Misconceptions about Comparative Advantage"

"BOX: Do Wages Reflect Productivity?"

12th Ed.: Ch. 3, pp. 25-40

11th Ed.: Ch. 3, pp. 24-40

10th Ed. (trade only): Ch. 3, pp. 24-40

KOM, on effects of trade: [10 pp]

"Effects of International Trade between Two-Factor Economies"

"CASE STUDY: North-South Trade and Income Inequality"

"Factor-Price Equalization"

12th Ed.: Ch. 5, pp. 97-102, 107-108

11th Ed.: Ch. 5, pp. 97-102, 107-108

10th Ed. (trade only): Ch. 5, pp. 94-98, 102-103

Deardorff, "[Intro to Comparative Advantage](#)" | [Online \(PDF\)](#). [7 pp]

Freeman, "[Are Your Wages Set in Beijing?](#)" | [Online-JSTOR \(PDF\)](#). [19 pp]

Quiz 8, Due Fri, Nov 3 11:59 PM

Standard Model

C. Scale Economies and Imperfect Competition (Class 18: Nov 6) [25 pp] [Questions](#)

KOM: [25 pp]

"External Economies of Scale and the International Location of Production"
(Except "Interregional Trade and Economic Geography")

"The Theory of Imperfect Competition"

"Monopolistic Competition and Trade"

12th Ed.: Ch. 7, pp. 151-164; Ch. 8, pp. 170-180

11th Ed.: Ch. 7, pp. 151-164; Ch. 8, pp. 170-180

10th Ed. (trade only): Ch. 7, pp. 145-156; Ch. 8, pp. 164-174

Paper 2, Due Wednesday, Nov 8 8:30 AM

IV. Uses and Abuses of Trade Policy

A. Preferential Trading Arrangements (Class 19: Nov 8) [49 pp + Opt 12] [Questions](#)

KOM: [7 pp]

"The End of Trade Agreements?"

"BOX: Do Agricultural Subsidies Hurt the Third World?"

"Preferential Trading Agreements"

"BOX: Free Trade Area Versus Customs Union"

"BOX: Brexit"

"CASE STUDY: Trade Diversion in South America"

"The Trans-Pacific Partnership"

12th Ed.: Ch. 10, pp. 273-280

11th Ed.: Ch. 10, pp. 269-276

10th Ed. (trade only): Ch. 7, pp. 263-268

WTO, "[Causes and Effects of PTAs](#)" pp 94-109 | [Online \(PDF\)](#). [16 pp]

Posen, "[The Errors of Conservatives Obscure the Case for Trade](#)" | [Canvas](#). [2 pp]

Deardorff and Sharma, "[The Simple Analytics of Trade Creation and Diversion](#)" | [Online \(PDF\)](#). [21 pp]

Russ, "[Yes, US trade agreements led to economic gains, especially in services, new report says](#)" | [Canvas](#). [3 pp]

Optional to Read:

WTO, "[Causes and Effects of PTAs](#)" pp 109-120 | [Online \(PDF\)](#). [12 pp]

Quiz 9, Due Fri, Nov 10 11:59 PM

Behind and Beyond the Standard Model

B. FTAs and Other Trade Deals (Class 20: Nov 13) [44 pp + Opt 3 pp] Questions**Multicountry:**

Kirby, "[USMCA, Trump's New NAFTA Deal, Explained in 600 Words](#)" | [Online](#) [2 pp]

Hayashi, "[U.S. on Sidelines as China and Other Asia-Pacific Nations Launch Trade Pact](#)" | [Canvas](#). [3 pp]

Edmond, "[The United Kingdom is set to join the Trans-Pacific free trade pact. Here's what you need to know](#)" | [Online](#) [4 pp]

EU and other:

Bounds, "[EU seals Chile trade deal that will improve bloc's access to key minerals](#)" | [Canvas](#). [3 pp]

Bounds and Johnston, "[Lula holds up EU trade deal in bid to protect Brazil's domestic industry](#)" | [Canvas](#). [3 pp]

Johnston and Bounds, "[Australia-EU trade deal stalls over meat quotas](#)" | [Canvas](#). [3 pp]

Optional to Read:

Bounds and Schipani, "[EU agrees trade deal with Kenya as Brussels aims to boost Africa ties](#)" | [Canvas](#). [3 pp]

UK and other:

Alim, "[UK government threatened with legal action over Australia trade deal](#)" | [Canvas](#). [3 pp]

Reed et al., "[UK trade talks 'moving very well', says Indian minister](#)" | [Canvas](#). [3 pp]

Fedor and Politi, "[US calls for revived UK trade talks after Northern Ireland deal', says Indian minister](#)" | [Canvas](#). [5 pp]

US and other:

Economist, "[The great steeplechase: America is losing ground in Asian trade](#)" | [Canvas](#). [2 pp]

Beattie, "[The US trade pledge to the Indo-Pacific is empty](#)" | [Canvas](#). [3 pp]

Aredy, "[U.S., Taiwan Reach Trade Deal as Tensions With China Simmer](#)" | [Canvas](#). [3 pp]

Optional to View:

Trade Talks #166, "Biden's new Indo-Pacific talks vs. TPP" 11/2/22 | [Podcast](#) [44:52 minutes]

Other:

Daniels and Leahy, "[China deepens ties in Latin America with Ecuador free trade agreement](#)" | [Canvas](#). [4 pp]

Kerr, "[UAE and Ukraine open trade talks](#)" | [Canvas](#). [3 pp]

C. Safeguards (Class 21: Nov 15) [42 pp] Questions

Jackson, Ch. 7 [Canvas](#). [37 pp]

USITC, "[Understanding Safeguard Investigations](#)" undated | [Online](#) [2 pp]

Pikard and Pfeifer, "[UK to extend steel import quotas and tariffs for two years](#)" | [Canvas](#). [3 pp]

Optional to View:

Trade Talks #20, "Tariff Time! Washing Machines and Dirty Trade Policy" 1/26/18 | [Podcast](#) [21:31 minutes]

**Quiz 10, Due Fri, Nov 17 11:59 PM
PTAs & FTAs**

D. Trade Adjustment Assistance (Class 22: Nov 20) [42 pp] Questions

Brainard et al., "[Insuring America's Workers](#)" | [Online \(PDF\)](#). [8 pp]

Rosen, "[Strengthening Trade Adjustment Assistance](#)" | [Online](#) [10 pp]

Lawrence, "[A Numbers Argument for Renewing](#)" | [Canvas](#). [2 pp]

Beattie, "[The flaws in trying to compensate globalisation's losers](#)" | [Canvas](#). [3 pp]

~James, "[Maladjusted: The Misguided Policy of Trade Adjustment Assistance](#)" | [Online](#) [13 pp]

Collins, "[Trade Adjustment Assistance for Workers: Background and Current Status](#)" | [Canvas](#). [6 pp]

Optional to View:

Trade Talks #91, "Can Trade Adjustment Assistance Work?" 7/4/19 | [Podcast](#) [19:04 minutes]

THANKSGIVING BREAK, NOV 22-24

Quiz 11, Due Fri, Nov 24 11:59 PM

Safeguards & TAA

E. Dumping and Anti-Dumping Policy (Classes 23: Nov 27) [57 pp] [Questions](#)

Jackson, Ch. 10 [Canvas](#). [33 pp]

Deardorff, "[Economic Perspectives on Anti-Dumping Law](#)" | [Online \(PDF\)](#). [15 pp]

~Jakob, "[Lesser Duty Rule and Community Interest in Anti-dumping](#)" | [Online-Springer \(PDF\)](#). [5 pp]

EC DG-Trade, "[Anti-dumping measures](#)" | [Online](#) [2 pp]

Hayashi, "[U.S. Downgrades Russia to Nonmarket Economy](#)" | [Canvas](#). [2 pp]

Optional to View:

Trade Talks #80, "Zeroing: The Biggest WTO Threat You've Never Heard Of" 4/9/19 | [Podcast](#) [22:14 minutes]

F. Economic Sanctions (Class 24: Nov 29) [43 pp + Opt 6] [Questions](#)

Haass, "[Economic Sanctions: Too Much of a Bad Thing](#)" | [Online](#). [10 pp]

Masters, "[What Are Economic Sanctions?](#)" | [Online](#) [12 pp]

Mulder, "[The Sanctions Weapon](#)" | [Canvas](#). [4 pp]

Alderman, "[Leave Russia? A Year Later Many Companies Can't, or Won't.](#)" | [Canvas](#). [4 pp]

Rodriguez, "[The harm that sanctions do to the vulnerable](#)" | [Canvas](#). [3 pp]

Washington Post Editorial Board, "[How to make the sanctions on Russia really hurt](#)" | [Canvas](#). [3 pp]

Kantchev et al., "[How Sanctioned Western Goods Are Still Flowing Into Russia](#)" | [Canvas](#). [7 pp]

Optional to Read:

Elliott, "[Evidence on the Costs and Benefits of Economic Sanctions](#)" | [Online](#). [6 pp]

Optional to View:

Trade Talks #178, "Why sanctions to stop Russian gas pipelines backfired" 2/19/23 | [Podcast](#) [53:11 minutes]

Quiz 12, Due Fri, Dec 1 11:59 PM

Dumping & Sanctions

G. Subsidies and Countervailing Duties (Class 25: Dec 4) [55 pp + Opt 5 pp] [Questions](#)

KOM: [11 pp]

"Export Subsidies"

"Sophisticated Arguments for Activist Trade Policy"

"BOX: A Warning from Intel's Founder"

"CASE STUDY: When the Chips Were Up"

12th Ed.: Ch. 9, pp. 232-233, Ch. 12 pp. 302-310

11th Ed.: Ch. 9, pp. 226-229, Ch. 12 pp. 298-306

10th Ed. (trade only): Ch. 9, pp. 217-218, Ch. 12 pp. 293-296

Jackson, Ch. 11 [Canvas](#). [25 pp]

Hollinger, "[The Airbus and Boeing subsidy battle is far from over](#)" | [Canvas](#). [3 pp]

Stearns, "[EU Challenges China's Trade Expansion With Landmark Tariff](#)" | [Canvas](#). [3 pp]

Chazan et al., "[A global subsidy war? Keeping up with the Americans](#)" | [Canvas](#). [13 pp]

Optional to Read:

Baschuk, "[US Treasury Rolls Out Guidelines for Electric Car Subsidies](#)" | [Canvas](#). [3 pp]

Evenett and Hufbauer, "[Are the IRA climate-related tax credits a trillion-dollar problem?](#)" | [Canvas](#). [2 pp]

Optional to View:

Trade Talks #116, "Fish Subsidies. What's the Catch?" 12/19/19 | [Podcast](#) [28:27 minutes]

Trade Talks #184, "The US-EU fights over electric vehicles and the Inflation Reduction Act" 5/7/23 | [Podcast](#) [46:28 minutes]



Paper 3, Due Wednesday, Dec 6 8:30 AM

<p>*** LAST CLASS, Wednesday Dec 6 *** We will hold class, as usual, but with no assignments. Class will be review and Q&A.</p>
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Quiz 13, Due Fri, Dec 8 11:59 PM
Subsidies
