

**DRAFT Economics 7020 INTERNATIONAL ECONOMICS I Fall 2013 Reynolds**

The required readings are marked \*. The reading in the Feenstra chapters should get your attention first in any topic area. Th 2:15-5:00pm OSH 360 Students will submit a 10 page paper which will be a precie for a thesis or an investigation of such a topic – but must be related to international economics.

**Aug 29 Introduction: Profile of the Global Economy**

- \* D. Jorgensen, "The Rise of Developing Asia and the Decline of the Industrialized Economies" powerpoint, AEA Meetings, Jan. 2011
  - \* J.D. Sachs, and A. Warner, "Economic Reform and the Process of Global Integration", Brookings Papers on Economic Activity, 1, 1995, pp. 1-118.
  - \* J. Stiglitz, "Another World is Possible," Making Globalization Work, 2007
  - \* J. Stiglitz, "The Promise of Global Institutions," p3-23, Globalization and Its Discontents, 2002
- Globalisation and Anti-globalisation**
- Martin Wolf, Why Globalisation Works, Yale University Press, 2004.  
 UN, A Fair Globalisation, United Nations, 2004.  
 Graham, Fighting the Wrong Enemy: Antiglobal Activists & Multinational Enterprise 2000
- Mercantilism Then and Now**
- J. Robinson, The New Mercantilism, 1966;  
 J. Viner, Studies in the Theory of International Trade;  
 H.G. Johnson "Mercantilism: Past, Present & Future" Manchester School, March 1974

**Sept 5 Classical Model (2x1x2 version)**

- \* R. Feenstra, Advanced International Trade: Theory and Evidence, 2004, pp. 1-4.
- \* Huber, "Effect on Prices of Japan's Entry into World Commerce After 1858," Journal of Political Economy, (JPE)1971, 614-628
- \* P. Samuelson "Where Ricardo and Mill Rebut and Confirm Arguments of Mainstream Economists Supporting Globalization," Journal of Economic Perspectives, Summer 2004, 135-146
- \* A. Dixit, Grossman, G. and Samuelson, P., "The Limits to Free Trade," Journal of Economic Perspectives, Summer 2005, 241-244
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- \* W. Corden, 1971. "The Effects of Trade on the Rate of Growth," in Bhagwati, Jones, Mundell, and Vanek, J. (eds.), Trade, Balance of Payments and Growth, New York: American Elsevier Publishing Publishing Co., 117-143;
- \* J. Vanek, "Economic Growth and International Trade in Pure Theory," Quarterly Journal of Economics v85, n3 (Aug. 1971): 377-90
- \* J.S. Metcalf and I. Steedman, "Reswitching and Primary Input Use" and "Reswitching, Primary

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**Generalising propositions to higher dimensional models: many factors, many goods, many countries**

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(2005) available at [www.gep.org.uk](http://www.gep.org.uk).
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- N. Vousden, The Economics of Trade Protection, chapters 5 and 6.

- Eaton and Grossman, "Optimal Trade and Industrial Policy Under Oligopoly," Quarterly Journal of Economics, 1986,
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- \* A. Cunat, "Global trade and conflicting national interests" Journal of Economic Literature (December 2003): 1290-91; a book review of R. Gomory and W. Baumol, Global Trade and Conflicting National Interests Cambridge and London: MIT Press, 2000
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**Oct 13-20**      **Fall Break, No Classes**      **UNLESS MAKE-UP**

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- J.E. Anderson and J. Neary, Measuring the Restrictiveness of International Trade Policy, MIT Press, 2005.
- P. Lloyd and Schweinberger, A. G., "Trade Expenditure Functions and Gains from Trade", Journal of International Economics, 1988, 275-297.
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- \* G. Hufbauer, "Surveying the Costs of Protection: A Partial Equilibrium Approach," in Schott (ed) The World Trading System: Challenges Ahead, 1996.
- \* C. McDainiel, Reinert, and Hughes, "Tools of the Trade," Woodrow Wilson International Center for Scholars, 2010
- \* USITC, "Trade Policy since 1934"

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- K. Maskus, Tsunehiro Otsuki, John S. Wilson, "The Cost of Compliance with Product

Standards for Firms in Developing Countries: An Econometric Study,”  
World Bank Policy Research Working Paper 3590, May 2005

- \* S. Baller, “Trade Effects of Regional Standards Liberalization: A Heterogeneous Firms Approach” World Bank Policy Research Working Paper 4124, February 2007
- \* Branstetter and Feenstra, “Trade and Foreign Direct Investment in China: A Political Economy Approach,” Journal of International Economics, Dec. 2002

**Nov 7 The WTO and The World Trade System**

WTO website: [www.wto.org](http://www.wto.org)

WTO Marrakesh Agreement Establishing the World Trade Agreement (WTO Agreement),  
 WTO, Geneva.

WTO, *Understanding the WTO*, Geneva: WTO, 2005.

WTO, World Trade Report 2006, WTO, 2006.

**Trade Problems, Policy and Demands of Developing Countries**

- J. Finger, “Implementing the Uruguay Round Agreements; Problems for Developing Countries” The World Economy, Global Trade Policy 2001, 7- 18.
- Bacchetta, M. and B. Bora, “Industrial Tariff Liberalization and the Doha Development Agenda”, WTO Discussion paper No. 1, 2003.
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- \* Pangestu, M., “Special and Differential Treatment in the Millennium: Special for Whom and How Different?”, The World Economy, Global Trade Policy 2000, 195-212.
- \* Richard Baldwin, and Frédéric Robert-Nicoud, “Trade and growth with heterogeneous firms,” Journal of International Economics 74 (2008) 21–34

**Nov.14 Economic Integration of the World Economy: Trade, Wages and Factor Movements**

- \* Freenstra, Advanced International Trade, chapter 4: Trade in Intermediates and Wages
- Beaulieu, Benarroch and Gaisford, “Trade Barriers and Wage Inequality in a North-South Model with Technology Driven Intra-industry Trade,” Journal of Development Economics, 2004.
- \* Markusen, “Factor Movements & International Trade as Complements,” Journal of International Economics, 1983, 341-56
- F. Root, International Trade and Investment, 1994
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- Zhu and Trefler, “Trade And Inequality in Developing Countries,” Journal of International Economics 2005.
- Kletzer, Job Loss from Imports: Measuring the Costs, 2001
- \* Engerman & Jones, “International Labor Flows& National Wages,” AER, May 1997, 200-204

G. Borjas, "The Economics of Immigration," Journal of Economic Literature, 1994, 1667-1717

Todaro & Maruseko, "Illegal Migration & U.S. Immigration Reform," Population & Development Review, 1987;

Abowd & Freeman, eds. Immigration, Trade & the Labor Market, 1991, WTO, Doha Declaration, November 2001. Downloaded from the WTO website.

WTO Doha Work Programme. This can be downloaded from the WTO website.

- \* J. Haskell, Lawrence, Leamer and Slaughter, "Globalization and U.S. Wages: Modifying Classic Theory to Explain Recent Facts," Journal of Economic Perspectives, Volume 26, Number 2—Spring 2012—Pages 119–140
- \* N. Bloom, Draca and Van Reenen, "Trade induced technical change? The impact of Chinese imports on innovation, IT and productivity," NBER Working Paper No. 16717, January 2011

**Nov. 21            Regionalism in the World Economy**  
**The Theory of Trade Discrimination**

- \* Feenstra, Advanced International Trade, 192-99.
  - M. Kemp and H. Wan "An Elementary Proposition Concerning the Formation of Customs Unions", Journal of International Economics, 6, 1976, 95-97.
  - Ohyama, M. "The Economic Significance of the GATT/WTO Rules" in A. Woodland (ed.), Economic Theory and International Trade: Essays in Honour of Murray C. Kemp, Edward Elgar, 2002, 71-85.
  - \* P. Lloyd, and D. MacLaren, , "Gains and Losses from Regional Trading Agreements: A Survey", The Economic Record, December, 2004, 445-467.
- Regionalism in the World Economy**
- \* Agur, I. "The U.S. Trade Deficit, The Decline of the WTO and the Rise of Regionalism," Global Economy Journal, No. 3, 2008
  - \* ADB, Emerging Asian Regionalism, 2008 (excerpts)
  - \* Eichengreen, Rhee and Tong, "China and the Exports of Other Asian Economies," Review of World Economics/Weltwirtschaftliches Archiv, July 2007
  - World Bank, Global Economic Prospects: Trade, Regionalism and Development, 2005.
  - Florentino, R. V., L. Vereja and C. Toqueboeuf, "The Changing Landscape of Regional Trade Agreements: 2006 Update", WTO Discussion Paper #12.
  - Flam, "Product Markets and 1992: Full Integration, Large Gains?" Journal of Economic Perspectives, 1992, 7-30
  - Harris, "Applied General Equilibrium Analysis of Small Open Economies with Scale Economies and Imperfect Competition," AER, 1984, pp. 1018-32;
  - A. Panagariya and R. Duttagupta, "Politics of Free Trade Areas: Tariffs vs. Quotas," Journal of International Economics, 2002.
  - A. Deardorff, "Determinants of Bilateral Trade: Does Gravity Work in a Classical World?" in Frankel (ed) The Regionalization of the World Economy, 1997.

**Dec. 5 and 12            No Class Meetings: Work on Class Paper!**

**Dec 20            10 page Class paper is DUE;    Take Home Final Exam, Typed, Maximum 2000 Words is DUE**  
**Both class paper and take-home final exam may be submitted electronically to: [stephen.reynolds@csbs.utah.edu](mailto:stephen.reynolds@csbs.utah.edu)**



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**Oct 31           Political Economy of Protectionism**

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- J. Bhagwati, "The Generalized Theory of Distortions and Welfare," in Bhagwati, Mundell and Vanek, eds., Trade, Balance of Payments and Growth, 1971
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Standards for Firms in Developing Countries: An Econometric Study,"  
World Bank Policy Research Working Paper 3590, May 2005

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- \* Branstetter and Feenstra, "Trade and Foreign Direct Investment in China: A Political Economy Approach," Journal of International Economics, Dec. 2002

Nov 7

**The WTO and The World Trade System**

WTO website: [www.wto.org](http://www.wto.org)

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 WTO, Geneva.

WTO, Understanding the WTO, Geneva: WTO, 2005.

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J. Finger, "Implementing the Uruguay Round Agreements; Problems for Developing Countries" The World Economy, Global Trade Policy 2001, 7- 18.

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 National Bureau of Economic Research, March 2003

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Dec. 5 and 12

**No Class Meetings: Work on Class Paper!**

Dec 20

**10 page Class paper is DUE; Take Home Final Exam, Typed, Maximum 2000 Words is DUE**  
**Both class paper and take-home final exam may be submitted electronically to: stephen.reynolds@csbs.utah.edu**