

# Economics, Politics, and Law of International Trade - Spring 2019 (1.0)

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Schedule: Wednesdays, 3:30-6:30PM

Office Hours: Thursdays, 2:00-4:00PM

Class Location: COHN 337

Course Website: On Canvas.



## Course Overview

As technology and development have deepened economic integration between states, international trade has become simultaneously more important and more difficult to understand. Interpreting the significance of any given trade policy development requires an understanding of the economic models that characterize the effects of trade (who wins and who loses), the political models that describe how governments might respond to these incentives (who do they want to win and lose?), and the legal environment that constrains and shapes the specific policies implemented. This course provides an introduction to the most important elements of each of these three domains, with a emphasis on the interaction between them.

## Course Grading Breakdown

50% - Short Assignments (10 total, 5% each)

15% - Participation

35% - Final Paper

## Assignments

These assignments will go out weekly (even the first week!), and are designed to give you some practice applying the content of the previous week. One should not expect these assignments to be particularly long, and the format will vary from week to week, with some being more traditional

problem sets and others being short paper assignments. While there will be 14 total of these, only your top 10 will be included in your grade.

## **Participation**

You will receive a participation grade based on active engagement in class discussions. If you need to miss class for some reason you are encouraged to send me a note; attendance is not mandatory in the *strictest* sense, in that you can miss class without immediately losing marks, but doing so may impair your ability to persuade me that you are actively engaged. Informing me of your reason for missing class could be a useful part of such a persuasive campaign.

## **Paper**

There are two approaches you can take to writing this 3,500-4,000 word paper. First, if you're interested in research, you can write a paper where you outline a potential research question that you think would be worth exploring, give a review of existing work relevant to that research question, and then propose how one might address the question you have in mind. Even better if you could make some progress towards answering that question, though this is not required to do well on this assignment. Second, you can pick a topic or contentious issue and give a thorough briefing on the topic/issue, or if you'd prefer, choose a particular side of the issue and argue for it.

All topics should be related to course content (obviously?), and you are encouraged to discuss your choice with me prior to locking yourself into it. Deadline TBD.

## **Late Policy**

You have seven free late days to allocate across assignments or the final paper! So, for example, you could submit the final paper seven days late, or five of the assignments one day late and the final paper two days late. However, if you run out of late days, it is unlikely you will be granted any other extensions or accommodation, whatever the reason, so you should use these judiciously.

## **Books**

There are two required books for this course and one recommended reference. All other required readings will be made available on the course website.

- [Elhanan Helpman - Understanding Global Trade](#)  
This book will be the main reference for the first five weeks of the course, which focus on the economics of international trade. It is also available in eBook format via Penn's library.
- [Michael Trebilcock - Advanced Introduction to International Trade Law](#)  
This book will be the main reference for the final three weeks of the course, which focus on international trade law.
- (Recommended) [Krugman, Obstfeld, and Melitz - International Economics: Theory and Policy](#)  
This is a slightly more mathematical treatment of some of the content in the first five weeks of the course; some of the in-class lectures will mirror this content, so this book might be a useful reference to have. Plus, it's a good book!

## Course Schedule

- Week 1: Introductions. Why are you here?
- Week 2: Comparative Advantage
  - Helpman - Chapter 1,2
  - Krugman - [Ricardo's Difficult Idea](#)
  - Krugman - [Two Cheers for Formalism](#)
  - NYTimes - ["The Trade Deficit Isn't A Scorecard"](#)
- Week 3: Distributive Effects: Stolper-Samuelson, Ricardo-Viner
  - Helpman - Chapter 3
  - Autor, Dorn, and Hanson - ["The China Syndrome: Local Labor Market Effects of Import Competition in the United States"](#)
  - NYTimes - ["More Wealth, More Jobs, But Not for Everyone"](#)
- Week 4: Economies of Scale and Firms: New Trade Theory and "New New Trade Theory"
  - Helpman - Chapter 4, 5
  - [Trade Talks - Export Superstars and Billionaires: When Do Policymakers Need to Worry?](#)
- Week 5: Offshoring and Outsourcing
  - Helpman - Chapter 6
- Week 6: Migration (Trade in People!)
  - Borjas - ["The Wage Impact of the Marieltos: A Reappraisal"](#)
  - The Economist - ["A New Paper Rekindles a Tiresome Debate on Immigration and Wages"](#)
  - Lewis - ["How Immigration Affects Workers: Two Wrong Models and a Right One"](#)
  - [Interview With Michael Clemens](#)
- Week 7: Trade Political Cleavages
  - Rogowski - ["Political Cleavages and Changing Exposure to Trade"](#)
  - Hiscox - ["Class Versus Industry Cleavages: Inter-industry Factor Mobility and the Politics of Trade"](#)
  - Kim and Osgood - ["Firms in Trade and Trade Politics"](#)
- Week 8: Lobbying and Compensation
  - Grossman and Helpman - [Special Interest Groups and Economic Policy](#)
  - Rodrik - ["Too Late to Compensate Trade's Losers"](#)
  - Optional: Davis - ["Protection as a Commitment Problem"](#)

- Week 9: Trade and Security
  - Gartzke - “The Capitalist Peace”
  - Mansfield and Pollins - “Interdependence and Conflict: An Introduction”
- Week 10: Trade and Public Opinion
  - Mansfield and Mutz - “Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety”
  - Mutz - “Status Threat, Not Economic Hardship, Explains the 2016 Presidential Vote”
  - Fordham and Kleinberg - “How Can Economic Interests Influence Support for Free Trade?”
- Week 11: Politics of Immigration
  - Hainmueller and Hopkins - “Public Attitudes Towards Immigration”
  - Peters - “Trade, Foreign Direct Investment and Immigration Policy Making in the US”
- Week 12: Trade Law - An Introduction
  - Trebilcock Chapter 1-4
  - Trade Talks - Happy 70th GATTiversary, The Origins of the Multilateral Trade System
  - Trade Talks - It’s Fun to Discuss the USMCA!
- Week 13: Trade Remedies
  - Trebilcock Chapter 6-8
  - Trade Talks - Tariff Time! Washing Machines and Dirty Trade Policy
  - Trade Talks - The Trump Administration Views Trade as National Security Threat
- Week 14: Trade and Labor, Health, and Environmental Standards
  - Trebilcock Chapter 5, 13-15
  - Trade Talks - The Labor of Nafta