IPS 203: Issues in International Economics

The purpose of the course is to equip students with the tools to analyze international trade issues and policies. To that end, the course focuses on key topics in international trade and trade policy. These include the relationship between trade, growth, income inequality and poverty, the World Trade Organization (WTO), regionalism versus multilateralism, the political economy of trade policy, the nexus between trade and labor/labor standards and trade and the environment, and appropriate trade policies for developing economies. These topics are supplemented by student research on other selected topical international trade and trade policy issues.

This course has a limited enrollment and priority will be given to IPS students.

Prerequisites:
The prerequisites for the course are Economic Analysis II (Econ 51) and International Trade (Econ 166) or equivalent courses.

Students are therefore, expected to know key trade theories such as the Ricardian model of comparative advantage, the Hecksher-Ohlin model as well as the economic analysis of instruments of trade policy such as tariffs and quotas. Students who wish to review the relevant background material covered in Economics 166 or an equivalent international trade course should read chapters 1-12 of Krugman, Obstfeld and Melitz, International Economics: Theory and Policy, 9th edition (2012), Addison Wesley.

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

Assignments (3) : 35%
Assignment 4 : 20%
Research Paper : 45%

Assignments
There will be 3 assignments on key topics discussed in class.

The assignments will be due in class. Please note that no late assignments will be accepted.

Students are encouraged to work in groups on the assignments, but each student is required to write and submit his/her own assignment.

Assignment 4 will be conducted under exam conditions. This includes that you cannot discuss the assignment with anyone but the instructor and all work on Assignment 4 should be solely your own work.

Please familiarize yourself with Stanford’s Honor Code as all class assignments are conducted under the Honor Code.

Research Paper
Students will be responsible for a paper on a topic in international trade. The paper should be an application of the tools that you learn in the class. You may include both theoretical and empirical elements. In fact, students are encouraged to pursue an econometric analysis. 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 or a replication of someone else’s work. The policy implications/recommendations of your analysis should be fleshed out. The papers discussed in class are good examples of the type of paper you should write.
The paper should be 18-20 pages (text-only) in length (typewritten, one-inch margins, Times New Roman 12 point font size and double-spaced) and is due on **Monday, March 14, by 3pm.** You need to have the topic approved early in the quarter. A one-page proposal briefly discussing your planned topic with an attached bibliography is due on **Thursday, January 14, in class.**

The one-page paper proposal should include (i) a brief description of the topic and research methodology and (ii) an outline of the paper. In addition, attach a bibliography to your proposal (papers/articles that you read in order to decide on your approach to the topic).

Note that the paper has to be an original piece of work solely researched for this specific course. You cannot submit work that replicates previous papers you have submitted in other courses or any other work you have previously done or are doing for concurrent courses.

**Some suggested research topics in international trade are as follows:**


5. Trade and Conflict.


7. Trade and Institutions – the impact of trade on aspects of governance such as rule of law, corruption and political stability; political institutions such as democracy.

8. The effect of the internet on international trade (goods/services).

9. Analysis of the political economy of trade policy in a country of your choice.

10. Analysis of the benefits/costs of protectionism in a country of your choice.

11. South-South regional trade agreements versus North-South trade blocs.

12. Cost-benefit analysis of a regional trade agreement of your choice.

13. Trade adjustment assistance.

14. Trade facilitation

15. Made in the World: Trade in value-added

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1 Charts, Tables, Appendices and the Bibliography are not included in the 18-20 page count.
Some previous student topics are as follows:

2. The Impact of Trade Liberalization on Governance in South America.
3. Trade and Democracy in Latin America.
4. Globalization and Inequality in the G-7 economies.
7. Trade, Conflict and Borders.
8. The Impact of Sino-African Trade Openness on Growth Prospects for African Countries: Help or Hurt?
10. More than Regional Politicking? Evaluating the Trade Effects of the Asean Free Trade Area (AFTA).
11. The Internet and International Services Trade in the U.S.
12. Tariff Evasion and Differentiated Products: The Case of the DR-CAFTA Countries (available on the course website).
13. The Increasing State Dominance of Burma’s Exports (available on the course website).
14. Parasitic Taxes: Tariffs on Insecticide-Treated Nets in South and South East Asia (available on the course website).

The following resources may aid you in your search for a research topic.

1. *The Economist* magazine.
3. *Foreign Affairs* journal.
4. You could also browse academic economics journals by subject on [www.jstor.org](http://www.jstor.org) and [www.ingentaconnect.com/content/](http://www.ingentaconnect.com/content/)
5. Nouriel Roubini’s Global Economics Monitor website [http://www.rgemonitor.com](http://www.rgemonitor.com) is an excellent source for research topics and research material.
6. The WTO website: [www.wto.org](http://www.wto.org)
8. World Bank Trade Research webpage.
Writing Guides:
The following will be useful as guidance for writing clearly and succinctly.


Economic Data
The course website has a guide on economics and international trade databases (See Attachment II). Also available on the course website is a Practical Guide to Trade Policy Analysis (UNCTAD).

Class Participation
You are expected to read the required readings prior to class and to be ready to actively participate in class discussion. 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 are encouraged to submit current articles on course topics to the instructor for use in class discussion.

Research Paper Discussion
Students are expected to discuss their research papers on Tuesday March 1 and Thursday March 3. Depending on class size we may have to start the presentations on Thursday February 25. These presentations will serve as a building block and a commitment device towards successful completion of your research paper. We will discuss the presentation logistics closer to the date.

Class Deadlines (subject to change):

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>Research Paper Proposal</td>
<td>Thursday, January 14, in class</td>
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<tr>
<td>Assignment 1</td>
<td>Thursday, January 21, in class</td>
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<td>Assignment 2</td>
<td>Tuesday, February 2, in class</td>
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<td>Assignment 3</td>
<td>Thursday, February 11, in class</td>
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<td>Assignment 4</td>
<td>Tuesday, February 23, in class</td>
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<tr>
<td>Student Research Presentations</td>
<td>(Thursday February 25?)</td>
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<td></td>
<td>Tuesday March 1, Thursday March 3</td>
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<tr>
<td>Research Paper</td>
<td>Monday, March 14, by 3pm</td>
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Class Website
Course material will be available on the class website on http://coursework.stanford.edu/

Teaching Assistant
The teaching assistant for the course is Nadia Anggraini.  
Office Room: TBD.  
Office Hours: TBD.  
Email: nadia016@stanford.edu
<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
<th>Topic/Event</th>
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<tbody>
<tr>
<td>January</td>
<td>Tuesday 5</td>
<td>Introduction: Syllabus/Trade Developments 2014-2015</td>
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<td></td>
<td>Thursday 7</td>
<td>Trade and Growth</td>
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<td></td>
<td>Tuesday 12</td>
<td>Trade and Growth/ ASSIGNMENT 1 distributed</td>
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<td></td>
<td>Thursday 14</td>
<td>WTO/Research Paper Proposal Due</td>
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<td>Tuesday 19</td>
<td>WTO</td>
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<td></td>
<td>Thursday 21</td>
<td>Regionalism/ASSIGNMENT 1 due/ASSIGNMENT 2 distributed</td>
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<td></td>
<td>Tuesday 26</td>
<td>Regionalism</td>
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<td></td>
<td>Thursday 28</td>
<td>Regionalism</td>
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<tr>
<td>February</td>
<td>Tuesday 2</td>
<td>Political Economy of Trade Policy/ASSIGNMENT 2 due/ASSIGNMENT 3 distributed</td>
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<td></td>
<td>Thursday 4</td>
<td>Political Economy of Trade Policy</td>
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<td></td>
<td>Tuesday 9</td>
<td>Political Economy of Trade Policy</td>
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<td></td>
<td>Thursday 11</td>
<td>Outsourcing/ASSIGNMENT 3 due</td>
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<td></td>
<td>Tuesday 16</td>
<td>Trade and Wages</td>
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<td></td>
<td>Thursday 18</td>
<td>Trade and Labor Standards/ASSIGNMENT 4 distributed</td>
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<td></td>
<td>Tuesday 23</td>
<td>Trade and the Environment/ ASSIGNMENT 4 due</td>
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<td></td>
<td>Thursday 25</td>
<td>Trade Policies for LDCs/( Student Presentations?)</td>
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<tr>
<td>March</td>
<td>Tuesday 1</td>
<td>Student Presentations</td>
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<tr>
<td></td>
<td>Thursday 3</td>
<td>Student Presentations</td>
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<td></td>
<td>Tuesday 8</td>
<td>Trade Policies for LDCs</td>
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<td></td>
<td>Thursday 10</td>
<td>Documentary: Coat of Many Countries</td>
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<td></td>
<td>Monday 14</td>
<td>Research Paper due by 3pm.</td>
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Course Outline

All course readings are either publicly available on the internet or can be accessed via Stanford Libraries electronic resources (ejournals). Additional readings/handouts will be distributed in class as appropriate. Readings marked with an asterisk are recommended background/supplementary readings for each section.

1. Introduction


Handout: “Made in the World.”

2. Trade and Growth


*IMF (2010), “Do Financial Crises Have Lasting Effects on Trade?” Chapter 4, World Economic Outlook, October


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

World Trade Organization, (2007) “Understanding the WTO” pp.1-116, chapters 7 (The Organization), 1 (Basics), 2 (The Agreements) 3 (Settling Disputes), 6 (Developing Countries).


Handout: The WTO: The Doha Round, Bali Package and Future Prospects


4. Regionalism


Handout: Survey of Empirical Literature on the Economic Impact of Preferential Trade Agreements.


5. Political Economy of Trade Policy


6. Trade and Labor


World Trade Organization, “Understanding the WTO” pp.1-116, Chapter 4 (Cross-Cutting and New Issues) pp. 74-75 only.


7. Trade and the Environment


8. Trade Policies for Developing Economies


9. Additional Topics: Student Research/Presentations


**Attachment I: Course Policies**

*Students are responsible for knowledge of the course policies.*

**Assignments**
You are welcome to work in groups on the first three assignments, but you are **required** to write and submit your own assignment.

Assignments are due in class on the day specified on the assignment. Late work will not count for course credit. It gets a grade of zero. No exceptions.

If you are unable to hand in your assignment in class for any reason, you should submit your assignment early, i.e. before class on the due date either via email or in person. If you submit your assignment via email, it is your responsibility to make sure that I have received your assignment. You should therefore, regularly check for an email acknowledgement of your assignment.

There will be no make-up assignments. There will be no extensions of the assignment deadlines.

Please ensure that you backup your work. Unsaved work is no excuse for not turning in your assignments on time.

**Assignment 4: Will be conducted under exam conditions which includes the following:** (i) All communication with regards to Assignment 4 is only with the instructor. This means that there should be no sharing or discussion of Assignment 4 and answers with anyone other than the instructor. (ii) All work on Assignment 4 should be solely your own work.

The completed Assignment 4 should be uploaded to your Dropbox by the specified deadline. It is your responsibility to ensure that Assignment 4 has successfully uploaded to your Dropbox by the specified deadline.

There will be no make-up Assignment 4 or early or late taking of Assignment 4.

Please ensure that you backup your work. Unsaved work is no excuse for not turning in Assignment 4 on time.

Please familiarize yourself with Stanford’s Honor Code.

**Research Paper**
You need to submit all work related to the research paper on the noted due dates. This includes the paper proposal, presentation of the paper and the paper itself:

The research paper should be submitted via email to the instructor by the specified deadline. It is your responsibility to make sure that the instructor has received the paper and therefore, you should wait for an acknowledgement of receipt of the paper. If you fail to await the acknowledgement of receipt of your paper and your paper was not received successfully by the instructor by the specified deadline, you will receive a grade of zero. No exceptions.

There will be no make-up paper. There will be no extension of the paper deadline.

Please ensure that you backup your work. Unsaved work is no excuse for not turning in your paper on time.

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2Includes selected excerpts from the Economics Department Common Syllabus Elements for All Economics Courses.
**Deadlines**
Late work, whether assignments, research paper, or other graded work, do not count for course credit. It gets a grade of zero. No exceptions.

Note too that no extensions of deadlines will be granted unless there are valid reasons such as an illness verified by a doctor’s letter.

**Accessibility or Disability Issues**
Students who have a documented physical, psychological, or learning disability that may necessitate an academic accommodation or the use of auxiliary aids and services in a class must initiate the request with the Office of Accessible Education (OAE), and not with the instructor. The OAE will evaluate the request along with the required documentation, recommend appropriate accommodations, and prepare a verification letter dated in the current academic term in which the request is being made. Students should contact the OAE in the first week of the quarter as timely notice is needed to arrange for appropriate accommodations. The OAE is located at 563 Salvatierra Walk. Also see http://www.stanford.edu/group/OAE/.

Be sure that your instructor, the OAE, and you have a common understanding, at least two weeks before any examination, of the precise logistical arrangements by which you will be accommodated.

**Computer Use in Class**
Computer use in class is strictly limited to taking class notes. Computer use for non-course related work (e.g. emails, surfing the internet) during class hours, will be issued a warning. If the student continues in this behavior despite the warning, a grading penalty based on the instructor’s discretion will be imposed.

This policy is also applicable to any other non-course related work (e.g. reading of newspapers, work related to other courses, cell phone use) during class hours.

**Cell Phones**
Cell phone use in class is prohibited. Please turn off your cell phones prior to the start of class.

**E-mail**
You are encouraged to communicate with me and your TA via email. However, email is an imperfect substitute for in-person communication. Therefore, please use email only for questions that can be answered via simple text-only responses or to request an appointment.

**Courtesy**
Please ensure that during student presentations you refrain from doing any work and pay attention to your peers’ presentations.

**Punctuality**
I expect students to be punctual to class. Coming late to class is a disruption not just for the instructor, but for other students as well. It also indicates a lack of commitment to the class. Habitual unpunctuality will warrant a discussion with the instructor. The same applies for habitual early leaving of class.

**Honor Code**
It is your responsibility to read the honor code and to ensure that you abide by it. The course website has a link to the honor code. It is also available at http://www.stanford.edu/dept/vpsa/judicialaffairs/guiding/honorcode.htm
Attachment II: Useful Data Resources for Economics Research

The following list is by no means comprehensive, but represents websites and databases that you may find helpful for assignments and your research project on international trade and trade policy. For those living off-campus, it may be necessary to set up off-campus access to library resources, as many journals and databases are restricted to Stanford users.

**IMF Databases**

data.imf.org
Includes links to all IMF databases such as the World Economic Outlook Database, International Financial Statistics, Direction of Trade Statistics, Global Financial Stability Report Data and the Fiscal Monitor.

**For trade data**: Balance of Payments Statistics and Direction of Trade Statistics.

**World Bank Databases**:

World Development Indicators (WDI) includes global development data (education, economic policy, financial sector, health, infrastructure, etc.). Global Development Finance (GDF) provides external debt and financial flows statistics.


The World Integrated Trade Solution (WITS) software provides access to international merchandise trade, tariff and non-tariff measures (NTM) data.


**UN Databases**:


US Databases:

Bureau of Economic Analysis
http://www.bea.gov/
National and international economic accounts data for the United States. National data on domestic production (GDP), consumption, investment, exports/imports, income and saving, etc., as well as international data on the US balance of payments (current account and financial account data), trade in goods and services, etc.


Other Databases:

The WTO website: www.wto.org for data on goods and services trade flows, tariffs, non-tariff measures (NTMs) and trade in value added.

EIU Country Data http://searchworks.stanford.edu/view/7106896
Annual, quarterly and monthly global economic indicators and forecasts, including GDP, inflation, interest rates, wages, foreign debt, exports and imports, etc. This is an online database, but must be accessed through the Stanford library catalog.

Thomson Reuters DataStream: Available at Jackson Library in the “Trader's Pit”
Global financial and macroeconomic data, including stocks, stock indices, bonds, futures, options, interest rates, commodities, derivatives, currencies, and economic data.

Country Central Bank websites (e.g. European Central Bank Statistics: http://www.ecb.int/stats/html/index.en.html)

International Trade Centre Market Access Map (MAcMap): provides information about customs tariffs (including tariff preferences) applied by 197 countries and faced by 239 countries and territories. It also covers tariff rate quotas, trade remedies, rules and certificates of origin, bound tariffs of WTO members, non-tariff measures and trade flows. Users can also find ad-valorem equivalents for all non ad-valorem duties and perform aggregations of products and countries as well as simulate tariff reduction scenarios. http://www.macmap.org/

Jon Haveman’s International Trade Data:
http://www.macalester.edu/research/economics/PAGE/HAVEMAN/Trade.Resources/TradeData.html

Inter-American Development Bank's Trade and Integration Databases: information on trade agreements and tariffs along with many other regulatory measures that can apply to exports in Latin American and the Caribbean. http://data.iadb.org/

The Global Trade Negotiations Home Page. This web site contains extensive links to further material: http://www.cid.harvard.edu/cidtrade

Eurostat: http://ec.europa.eu/eurostat

OECD Agricultural Market Access Database (AMAD) for data on agricultural production, consumption, trade, tariffs and “tariff-quotas.” http://www.oecd.org/site/amad/