

ECON 362: The World Trading System(9/1/04Revised)

MSB 114 TR 13:30-14:45

Instructor

Naotaka Sawada

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MW 13:00~14:00, and by appointment

Saunders Hall, Room 504

Phone: 956-7938

Note: Please send me an e-mail, specifying (1) an e-mail account to which you want class information to be delivered; and (2) name you want me to call you in the class.

Message:

September 1, 2004:

Video "Protest in Seattle" is available at Wong Audio Center, Sinclair Library, if you missed this Tuesday or if you want to watch again.

INTRODUCTION

This course examines the international cooperation in the context of the world trading system. It covers the role of the World Trade Organization (WTO). The WTO agreements span trade in goods, trade in services, and intellectual property rights. We will also consider future challenges to the world trading system including the environment, labor standards, and competition policies.

PREREQUISITES

Econ 120, 130, or 131

READINGS

Required Textbook:

The Political Economy of the World Trading System, 2nd edition, by Bernard Hoekman and Michel Kostecki. Oxford University Press, 2001.

Suggested Readings:

The WTO after Seattle, by Jeffrey J. Schott. Institute for International Economics, 2000.

Chapters in the book can be viewed at:

http://www.iie.com/publication.cfm?pub_id=317&source=pub

USEFUL LINKS:

Official Websites:

- The Office of United States Trade Representatives
<http://www.ustr.gov>
- World Trade Organization
<http://www.wto.org>
- International Trade Centre
<http://www.intracen.org>
- United Nations Conference on Trade and Development

- <http://www.unctad.org>
Trade and Development Center (joint project by WTO and World Bank)
- <http://www.itd.org>
World Bank Research Group on Trade
- <http://www1.worldbank.org/wbiep/trade>

NGO Websites:

- Global Policy Forum on WTO
<http://www.globalpolicy.org/socecon/bwi-wto/indexwto.htm>
- Friends of the Earth on WTO
<http://www.foe.org/camps/intl/greentrade/index.html>

“Top 10”

- Top 10 Reasons to Oppose the World Trade Organization (by Global Exchange)
<http://www.globalexchange.org/campaigns/rulemakers/topTenReasons.html>
- 10 Common Misunderstandings about the WTO (by WTO)
http://www.wto.org/english/thewto_e/whatis_e/10mis_e/10m00_e.htm
- 10 Benefits of the WTO Trading System (by WTO)
http://www.wto.org/english/thewto_e/whatis_e/10ben_e/10b00_e.htm

Glossary of International Trade

By Dr. Alan Deardorff of University of Michigan

<http://www-personal.umich.edu/~alandear/glossary>

ATTENDANCE AND CONDUCT

Students are expected to attend all classes and read all assigned readings prior to class. Students are also expected to conduct themselves with academic honesty. Cheating or plagiarism will result in an automatic failure of the course.

COURSE EVALUATION

Course grading is based on the following factors and proportion:

Two mid-term exams	(30% each)
One writing assignment	(20%)
Participation and presentation	(20%)

There will be no make-up exams for missed exams. Late submission of the writing assignment will cause a penalty: one letter grade reduction per day.

WRITING ASSIGNMENT

Each student submits a research paper. One can choose a topic under the research agenda of “an issue of trade policies in the United States and/or in other countries.” You can identify a topic in classroom discussions or in textbooks. It is encouraged that the paper reflects Q&A and discussion at the class presentation. The paper is typed and double-spaced, up to 8 pages including tables, charts, and/or graphs. The due date of the writing assignment is **December 9, 2004, Thursday**.

Prior to working on the research, each student submits a research proposal of one paragraph by **September 30, 2004 Thursday**. The research proposal should include the following elements:

- What is the issue?
- Why the topic is important?
- How you are going to research?
- What are possible conclusions or recommendations?

The proposal is for the purpose of research guidance, and not going to be graded. There is no specific format for the proposal. Don't hesitate to ask the instructor if you are not clear about what you are going to research. Well-begun is half-done!

CLASS PRESENTATION

Each student presents the research in the class on a designated day. It is highly recommended that the topic of the presentation is the same as the writing assignment. The presentation is for about 10 minutes, followed by Q&A and discussion. Depending on the class size, a joint presentation may be allowed. Format of the class presentation will be announced later.

GUEST LECTURERS:

Several guest lecturers will be invited for the class. Tentative candidates include:

- (1) **Dr. Seiji Naya**, Senior Visiting Fellow, East-West Center; former Director, Department of Business, Economic Development and Tourism, State of Hawaii; former Chief Economist, Asian Development Bank. (Trade policies and development)
- (2) **Dr. Sumner La Croix**, Professor, Economics Department. (Intellectual property rights)
- (3) **Dr. Theresa Greaney**, Professor, Economics Department. (Trade theory and policy)

COURSE OUTLINE AND READINGS (tentative, subject to change)

Part I: The Global Trading System

Chapter 1: The Trading System in Perspective

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|------|-----|--|
| 8/24 | Tue | Orientation |
| 8/26 | Thu | Economic Globalization and the World Trading System |
| | | 1.1. Trade and Global Integration |
| | | 1.2. Trade and Trade Agreements in History |
| | | 1.3. Functions of Multilateral Trading System |
| | | 1.4. From GATT to WTO |
| 8/31 | Tue | Movements against Globalization : Video: "Protest in Seattle" |
| | | Alan V. Deardorff and Robert M. Stern, 2002, "What you should know about the globalization and the World Trade Organization." Review of International Economics, 10(3), 404-423. |

Part II: The Institution

Chapter 2: The World Trading Organization (WTO)

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| 9/2 | Thu | WTO |
| 9/7 | Tue | Trade Policy Review |

Chapter 3: Dispute Settlement and Enforcement of Rules

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| 9/9 | Thu | Dispute Settlement Cases: Banana, Kodak vs. Fuji |
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Chapter 4: Negotiating Forum

9/14 Tue WTO as Negotiating Forum

Part III: The Multilateral Trade Agreements

Chapter 5: Trade in Goods

9/16 Thu Trade in Goods

Chapter 6: Sector-Specific Multilateral Trade Agreements

9/21 Tue Sector-specific multilateral trade agreements

Chapter 7: Trade in Services

9/23 Thu Trade in Services

9/28 Tue **Midterm Exam (Chapters 1 to 6)**

Chapter 8: Protection of Intellectual Property

9/30 Thu Protection of Intellectual Property
(Research Proposal Due in Class)

10/5 Tue Guest Speaker (Dr. La Croix)

Part IV: Holes and Loopholes

Chapter 9: Safeguards and Exceptions

10/7 Thu Safeguards and Exceptions

Chapter 10: Regional Integration

10/12 Tue Regional Integration

Chapter 11: Plurilateral Agreements

10/14 Thu Plurilateral Agreements

Part V: Challenges for the Trading System

Chapter 12: Integrating Developing Countries and Economies in Transition

10/19 Tue Integration of the World Trading System

Chapter 13: Towards Deeper Integration?

10/21 Thu Policies and Trade Facilitation

Chapter 14: Legitimacy, Coherence and Governance

10/26 Tue Governance

10/28 Thu **Midterm Exam (Chapters 7 to 14)**

11/2 Tue **<Holiday> Election Day**

11/4 Thu Guest Speaker (Dr. Greaney)

11/9 Tue Guest Speaker (Dr. Naya)

11/11 Thu **<Holiday> Veteran's Day**

Research Presentations

11/16 Tue Classroom Presentations

11/18	Thu	Classroom Presentations
11/23	Tue	Classroom Presentations
11/25	Thu	<Holiday> Thanksgiving
11/30	Tue	Classroom Presentations
12/2	Thu	Classroom Presentations
12/7	Tue	Classroom Presentations
12/9	Thu	Classroom Presentations
12/14	Tue	Writing Assignment Due (before 14:00)