

International Trade

Instructor: Christoph Scherrer

Introduction

The course on *International Trade* introduces students to the driving factors, governance, and impact of international trade. The encroachment of trade agreements into new areas - not just trade in goods but also in services, not just reduction of tariffs but also of so-called 'non-tariff barriers' in the domestic regulation of services, intellectual property rights, investment provisions, competition policy and government procurement - potentially limit the policy choices of governments and their ability to provide universal access to essential services and to address environmental and development challenges related to sustainable growth and full employment. As a result, international trade negotiations have become highly contested. The course will help students to understand these controversies by highlighting the theoretical underpinnings as well as interest constellations behind the various arguments in the public debate. By focusing on particularly controversial trade issues, it will encourage students to develop their own informed position. It will discuss the dynamics of trade negotiations and explore possibilities for civil society to influence such negotiations. The course is, therefore, unique as it moves beyond the economic discipline of international trade to include political science perspectives on the dynamics of trade negotiations and the possibilities for civil society engagements.

This course assesses the impact of international trade on the economic development of nations. It highlights competing theoretical perspectives, discusses controversial trade issues, and explores the dynamics of trade negotiations.

Course Objectives

This course aims to broaden and deepen students' understanding of international trade with a specific focus on how trade can be made to benefit workers and developing countries.

By presenting competing perspectives on international trade, discussing contested issues and evaluating negotiating dynamics, the course will enhance the analytical skills of the participating students. It also provides for practicing communication and presentation skills in discussions about cross-border trade, as well as in teamwork for understanding the issues and coming up with policy recommendations.

After completion of the course, students should be able to distinguish different trade policies, to identify underlying trade theory and their application, to differentiate the impact on men and women, to assess a country's competitiveness, to evaluate the role of hard as well as soft law, to use the key terminology of trade negotiations, and to come up with policy recommendations.

The case studies on specific contested issues in international trade such as regional integration, public services, intellectual property rights, investor protection, and trade conditionality will be used for applying trade theories, for identifying interest constellations, and for arguing for specific policies.

The course is designed for students interested in international trade, the governance of globalization and the social dimensions of globalization.

Course Requirements:

The course is built around the readings. Each student is asked to write one reaction paper. Up to three students are also asked to adopt a country, to become familiar with its history of trade policies, and to illustrate the issues discussed in each session with reference to the adopted country. Each session will feature a presentation by students on an analytical question pertaining to the session's topic (max. 20 minutes). A key component of the course will be a student research paper on a trade policy issue.

Assignment	Percentage
Reaction paper	20
Presentation	30
Research paper	50
Total	100

Course Outline

MODULE I: INTRODUCTION TO INTERNATIONAL TRADE

- Lesson 1: Economic and political relevance of cross-border trade
- Lesson 2: The Advantages and Pitfalls of the International Division of Labor
- Lesson 3: Comparison of Trade Strategies

MODULE II: CONTESTING THEORIES ON INTERNATIONAL TRADE

- Lesson 4: The Liberal Tradition: Market
- Lesson 5: The Nationalist Tradition: State
- Lesson 6: The Heterodox Tradition
- Lesson 7: The Feminist Perspective on Trade

MODULE III: CONTESTED ISSUES IN INTERNATIONAL TRADE

- Lesson 8: Regional integration
- Lesson 9: Public Services
- Lesson 10: Intellectual Property Rights
- Lesson 11: Investor Protection
- Lesson 12: Trade conditionality

MODULE IV: DYNAMICS OF TRADE NEGOTIATIONS

Lesson 13: WTO Power plays

Lesson 14: Gaining a Voice for Civil Society in Trade Negotiations

Lesson 1: Economic and political relevance of cross-border trade

Readings

- Beck, Stefan (2014): TTIP: Possible negotiating Outcomes and Consequences, in: C. Scherrer (ed.) The Transatlantic Trade and Investment Partnership: Implications for Labor, Mering: Hampp Verlag.
- Bruhn, Dominique (2014): Global Value Chains and Deep Preferential Trade Agreements. Promoting Trade at the Cost of Domestic Policy Autonomy? Discussion Paper 23/2014, Bonn, Deutsches Institut für Entwicklungspolitik.
- McMichael, Philip (2005): Global Development and the Corporate Food Regime, in: New Directions in the Sociology of Global Development, Volume 11, 269–303.
- Busser, Esther (2010): Trade, Labour and the Crisis: Time to Rethink Trade!, in: Global Labour Column 28, July 2010.

Lesson 2: The Advantages and Pitfalls of the International Division of Labor

- Mittelman, James H. (2000): The Globalization Syndrome: Transformation and Resistance, Princeton: University of Princeton Press, Chapter 2.
- UNDP (2006): Asia-Pacific Human Development Report, Colombo: MacMillan India, Chapter 1.
- Samson, Melanie (1995): Towards a 'Friday' model of international trade: a feminist deconstruction of race and gender bias in the Robinson Crusoe trade allegory, in: Canadian Journal of Economics, Volume 28, Issue 1, 143-158.
- Arrighi, Giovanni/Silver, Beverley J./Brewer, Benjamin (2003): Industrial Convergence, Globalization, and the Persistence of the North-South Divide, in: Studies in Comparative Intern. Development, Volume 38, Issue 1, 3-31.

Lesson 3: Comparison of Trade Strategies

- Roberts, S. (2005): Understanding the Effects of Trade Policy Reform: The Case of South Africa, in: South African Journal of Economics, Volume 68, Issue 4, 270-281.
- Polaski, Sandra, et al. (2008): India's Trade Policy Choices. Managing diverse challenges, Washington DC: Carnegie Endowment for International Peace.
- Polaski, Sandra, et al. (2008): Brazil in the Global Economy. Measuring the Gains from Trade, Washington DC: Carnegie Endowment for International Peace.
- Cohen, Stephen D./Paul, Joel R./Blecker, Robert A. (2003): Fundamentals of U.S. Foreign Trade Policy, Boulder, CO: Westview Press.

Lesson 4: The Liberal Tradition: Market

- Krugman, P./Obstfeld, M./Melitz, M. (2014): International Economics: Theory and Policy, (10th ed.). New York: Pearson.
- Grossman, Gene M./Helpman, Elhanan (1993): The Politics of Free Trade Agreements, Working Paper No. 4597, National Bureau of Economic Research.
- Milner, Helen V./Judkins, Benjamin (2004): Partisanship, Trade Policy, and Globalization: Is There a Left-Right Divide on Trade Policy?, in: International Studies Quarterly, Volume 48, 95-119.

Lesson 5: The Nationalist Tradition: State

- Chang, Ha-Joon (2008): The Double Life of Daniel Defoe: How did the rich countries become rich? In: Chang, Ha-Joon: *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*, New York: Bloomsbury Press, 40-65.
- Pryke, Sam (2012): Economic Nationalism: Theory, History and Prospects, in: *Global Policy*, Volume 3, Issue 3, 281-291.
- List, Friedrich (1909): *The National System of Political Economy*, trans. S. Lloyd, London: Longman.
- Prebisch, Raul (1964): *Towards a New Trade Policy for Development*, Report by the Secretary-General of the UNCTAD, New York: United Nations.

Lesson 6: The Heterodox Tradition: Demand and Inequality

- Irwin, Douglass A. (1996): Keynes and the Macroeconomics of Protection. In: Irwin, D. *Against the Tide: An Intellectual History of Free Trade*, Princeton: Princeton University Press, 189-206.
- Wallerstein, Immanuel (1984): *The Politics of the World-Economy. The States, the Movements and the Civilizations*, Cambridge: Cambridge University Press.
- Amable, Bruno (2000) International specialisation and growth, in: *Structural Change and Economic Dynamics*, Volume 11, 413–431.
- Pieterse, Nederveen/Rehbein, Boike (2009): *Globalization and Emerging Societies. Development and Inequality*, Basingstoke: Palgrave Macmillan.

Lesson 7: The Feminist Perspective on Trade

- Elson, Diane/ Grown, Caren/ Cagatay, Nilüfer (2007): Mainstream, heterodox, and feminist trade theory, in: van Staveren, Irene et al. (eds.): *The feminist economics of trade*, London/ New York: Routledge, 33-52.
- UNCTAD (2004): *Trade and Gender. Opportunities and Challenges for Developing Countries*, New York/ Geneva: UNCTAD, 1-54.
- Osterreich, Shianne (2007): Gender, Trade and Development, labor market discrimination and North-South terms of trade, in: I. van Staveren et al. (eds.) *The feminist economics of trade*. London: Routledge, 55-77.
- Ulmer, Karin (2004): Are trade agreements with the EU beneficial to women in Africa, the Caribbean and the Pacific?, in: *Gender and Development*, Volume 12, Issue 2, 53-57.
- Soni-Sinha, Urvashi (2006): Where are the Women? Gender, Labor, and Discourse in the Noida Export Processing Zone and Delhi, in: *Feminist Economics*, Volume 12, Issue 3, 335-365.

Lesson 8: Regional integration

- Whalley, John (1998): Why Do Countries Seek Regional Trade Agreements? In: Jeffrey A. Frankel (ed.) *The Regionalization of the World Economy*, Chicago: University of Chicago Press, 63 – 90.
- Shadlena, Kenneth C. (2005): Exchanging development for market access? Deep integration and industrial policy under multilateral and regional-bilateral trade agreements, in: *Review of International Political Economy* Volume 12, Issue 5, 750-775.
- Gathii, James T. (2011): The Neo-Liberal Turn in Regional Trade Agreements, in: *Washington Law Review*, Volume 86, Issue 3, 421-474.

- Flassbeck, Heiner/Costas Lapavitsas (2015): *Against the Troika. Crisis and Austerity in the Eurozone*, London: Verso, Chapter 3.

Lesson 9: Public Services

- James McCarthy, James (2004): *Privatizing Conditions of Production: Trade Agreements as Neoliberal Environmental Governance*, in: *Geoforum*, Volume 35, 327–341.
- Steuart, Ian/Cassim, Rashad (2005): *Opportunities and Risks of Liberalising Trade in Services Country Study: Country Study on South Africa*. International Centre for Trade and Sustainable Development, Issue Paper #2, Geneva: ICTSD.
- Scherrer, Christoph (2005): *GATS: Long-term Strategy for the Commodification of Education*, in: *Review of International Political Economy*, Volume 12, Issue 3, 484-510.
- Raza, Werner (2015): *Politics of scale and strategic selectivity in the liberalisation of public services – the role of trade in services*, in: *New Political Economy*.
- Grown, Caren (2005): *Trade Liberalization and Reproductive Health: A Framework for Understanding the Linkages*, in: *Development*, Volume 48, Issue 4, 28-42.

Lesson 10: Intellectual Property Rights

- Chang, Ha-Joon (2008): *Windows 98 in 97: Is it wrong to borrow ideas?* In: Chang, H. *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*, New York: Bloomsbury Press, 122-145.
- Maskus, Keith E. (2004). *The WTO, Intellectual Property Rights and the Knowledge Economy*, 2004, London: Edward Elgar.
- Panagariya, A. (1999): *TRIPs and the WTO: An Uneasy Marriage*, in: Bhagwati, J. (ed.) *The Next Negotiating Round: Examining the Agenda for Seattle*, Proceedings of the Conference Held at Columbia University, July 23-24, 1999, 91-102, chapter 11.
- Sell, Susan K. (2007): *Trips-Plus Free Trade Agreements And Access To Medicines*, in: *Liverpool Law Review*, Volume 28, 41–75.
- May, Christopher (2000): *A Global Political Economy of Intellectual Property Rights. The New Enclosures?* London: Routledge/RIPE studies in global political economy.

Lesson 11: Investor Protection

- Eberhardt, Pia (2014): *Investment Protection at a Crossroads*, in: C. Scherrer (ed.) *The Transatlantic Trade and Investment Partnership: Implications for Labor*, Mering: Hampp Verlag, 100-119.
- Chang, Ha-Joon (2008): *The Finn and the elephant: Should we regulate foreign investment?* In: Chang, Ha-Joon. *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*, New York Bloomsbury Press, 84-102.
- Guzman, Andrew T. (1998): *Why LDCs Sign Treaties that Hurt Them: Explaining the Popularity of Bilateral Investment Treaties*, in: *Virginia Journal of International Law*, Volume 38, 640-687.
- Jandhyala, Srividya /Henisz, Witold J./Mansfield, Edward (2011): *Three Waves of BITs: The Global Diffusion of Foreign Investment Policy*, in: *Journal of Conflict Resolution*, Volume 55, Issue 6, 1045-1071.
- Egan, Daniel (2001): *The Limits of Internationalization: a Neo-Gramscian Analysis of the Multilateral Agreement on Investment*, in: *Critical Sociology*, Volume 27, Issue 3, 74–97.

Lesson 12: Trade conditionality

- Scherrer, Christoph (2007): International Workers' Rights and Competitiveness. *Labour, in: Capital and Society*, Volume 40, Issue 1&2, 135-159.
- Hall, Joshua C./Leeson, Peter T. (2007): Good for the Goose, Bad for the Gander: International Labor Standards and Comparative Development, in: *Journal of Labor Research*, Volume 28, 658–676.
- International Labour Organization (2014): *Social dimensions of free trade agreements*, Geneva.
- Wells, Don (2009): Local Worker Struggles in the Global South: reconsidering Northern impacts on international labour standards. In: *Third World Quarterly*, Volume 30, Issue 3, 567–579.

Lesson 13: WTO Power plays

- Odell, John S. (2000). *Negotiating the world economy*. Ithaca: Cornell University Press.
- Hopewell, Kristen (2015): Different paths to power: The rise of Brazil, India and China at the World Trade Organization, in: *Review of International Political Economy*, Volume 22, Issue 2, 311-338.
- Siles-Brügge, Gabriel (2014): EU trade and development policy beyond the ACP: subordinating developmental to commercial imperatives in the reform of GSP, in: *Contemporary Politics*, Volume 20, Issue 1, 49-62.
- Meunier, Sophie (2000): What Single Voice? European Institutions and EU–U.S. Trade Negotiations, in: *International Organization*, Volume 54, Issue 1, 103–135.

Lesson 14: Gaining a Voice for Civil Society in Trade Negotiations

- McGuire, Donna/Scherrer, Christoph (2015): Providing Labor with a Voice in International Trade Negotiations, in: *Philippine Journal of Labor and Industrial Relations (PJLIR)*, [accepted].
- Frundt, Henry J. (2005): Movement Theory and International Labor Solidarity. In: *Labour Studies Journal*, Volume 30, Issue 2, 19-40.
- Kriesi, Hanspeter (2004): Political Context and Opportunity. In: Snow, David A.; Soule, Sarah A.; Kriesi, Hanspeter (ed.): *The Blackwell Companion to Social Movements*, Malden/MA, Oxford: Blackwell Publishers, 67-90.
- Piven, Francis Fox/Cloward, Richard A. (2000): Power Repertoires and Globalization. In: *Politics & Society*, Vol. 28, Issue 3, 413-430
- Silver, Beverly (2003): *Forces of Labor. Workers' Movements and Globalization Since 1870*, Cambridge: Cambridge University Press, 5-16.