



# International Trade

## *Course syllabus*

Summer Semester 2019

**Times and rooms:**

Mondays, 14:15-16h, AU 01036a  
Tuesdays, 14:15-16h, AU 01036a

**Instructor:** PD Dr. Tobias Henschen

Contact: [tobias.henschen@ucf.uni-freiburg.de](mailto:tobias.henschen@ucf.uni-freiburg.de)

Office hours: Mondays 16-17h, AU 01071

**Teaching assistant:** Ina Jäntgen

Contact: [ina.jantgen@gmail.com](mailto:ina.jantgen@gmail.com)

**Course website:** ILIAS (password: concordia domi foris pax).

The website will feature important course material like scans of assigned readings, exercise sheets and lecture slides. Make sure that you join the course, and that you adjust your settings so as to be able to receive notifications and messages. Emails will be sent via the ILIAS messaging system.

## Overview and goals

International trade occurs when firms or consumers in one country purchase goods or services that are produced in other countries. It occurs for a number of reasons, the most obvious being that some commodities cannot be produced in all places. Bananas, for instance, can be grown only in locations with specific climate conditions; biotechnology products can be produced only in places where workers and firms have the necessary capabilities or expertise and so on. Another reason is that many consumers value variety: that some Europeans, for instance, prefer South Korean cars to European ones and vice versa. A final reason is that some countries are more efficient than others at producing certain types of commodities.

If there are so many good reasons for trade, why do so many people complain about the impacts of trade? Why does Donald Trump insist that the only way to make the US “great again” is to renegotiate US trade deals with foreign partners? Why do many Europeans worry that the gains of foreign trade are unevenly distributed across workers? Why do UK citizens vote to exit the European Union after decades of trade expansion with their continental neighbors? Why do many people seem to protest international trade agreements as a matter of principle?

There are several answers to these questions. First, even though international trade generates economic gains, these gains can be distributed in unfair proportions. Second, the benefits to trade often come with costs. Whenever a high-wage economy increases its imports from low-wage economies, the resulting decrease in prices will benefit the high-wage economy as a whole but at the same time threaten its workers with lower wages and job losses. Third, by fueling growth, trade might be causally relevant to environmental pollution and climate change. Finally, some people may fail to understand the complexity of the production networks that nowadays link many countries.

The course aims to investigate the reasons and impacts of international trade by adopting an interdisciplinary perspective, i.e. by acknowledging the economic, political, legal, cultural, and ethical dimensions of such an investigation. The course will take classical international trade theory and policy as point of departure and then analyze the growth of the global economy through the activities of transnational corporations, the governance of trade (in the shape of various trade agreements), the connections between trade and development, and the impacts of trade on labor and the environment.

Learning goals: to

- understand the basic economic models that explain the occurrence and gains and losses of international trade and predict the effects of important trade policy instruments,
- adopt an interdisciplinary perspective to understand the form that trade takes in different parts of the global economy,

- develop the vocabulary and analytical skills to be able to read, summarize, synthesize and debate academic texts on international trade and its economic, political, cultural and environmental dimensions,
- be able to debate problems that are intellectually challenging in a fair and detached manner, and to present the results of such debates in an adequate way.

## Requirements

To complete the **pass/fail** requirements (*Studienleistung*) in this course you need to attend class and actively participate in the discussion, which is key component of this course. You may miss up to two sessions without explanation and without being sanctioned, excluding the session in which you are scheduled to present. In the case of sickness, further sessions may be missed if you demonstrate progress and engagement with the course material and are demonstrably not falling behind. Absences need to be announced prior to the session. Compensatory work for missed sessions may be requested.

The **examination** (*Prüfungsleistung*) consists of 2 exercise sheets, 13 very brief response papers, 1 presentation (or oral examination) and 1 short essay.

Exercise sheets (20% of the final grade): The exercise sheets are written assignments that help you improve your ability to understand and apply the basic economic models of international trade and trade policy. Exercise sheets will be made available via ILIAS no later than a day after the teacher inputs on 5/7, 5/14, 5/21 and 5/28. They need to be submitted via ILIAS no later than 2pm on 5/13, 5/20, 5/27 and 6/3. There will be a total of 4 exercise sheets of which you will need to pass at least 2 (i.e. of which you will need to submit at least 2 that will be graded 4.0 or better).

Response papers (20% of the grade): Response papers represent very brief one-sentence responses to teasing questions that are meant to test your reading of the literature that will be discussed in each session. The teasing questions will be distributed at the beginning of each session and can be dealt with in less than two minutes. There will be a total of 13 response papers of which you will need to pass at least 8. If you pass 8 (9, 10, 11) response papers, their combination will be graded 2.0 (1.7, 1.3, 1.0).

Presentation (20% of the final grade): The primary purpose of the presentation is to introduce a piece of academic literature for discussion. It should (1) capture the main thesis (or theses) of the text and reconstruct its main argument(s), (2) point to passages that seem difficult to understand (don't sweep these passages under the rug, assuming e.g. that you are the only one failing to understand them), (3) evaluate the text as much as possible, i.e. critically assess the validity of its argument(s) and the truth of its main thesis (or theses), and (4) formulate questions that seem to remain open or appear most suitable for discussion among the course participants. When giving your presentation, you should use a handout

or slides (but not both). Handouts and slides should be well-structured, readable, and easy to understand. When using slides, you need to distribute hard copies of them before class. Your presentation shouldn't take longer than 20 to 25 minutes. But as the participants are allowed to ask questions, it might take up to 45 minutes. In order to enhance an atmosphere of intellectual equality, the student giving the presentation will remain seated in the front during the whole session. In each (except the one on 7/16) session, there will be exactly one slot for a presentation. Check the description of the general and specific topics below to find out which topic interests you most and which slot is, accordingly, most suitable for you. You might also want to consult the literature that will be discussed in each session before making your choice. In order to get a slot for your presentation, you need to register through ILIAS in the wiki called "list of presentations". Note that slots are assigned on a first come, first served basis. Don't be disappointed if someone else takes the slot that you are most interested in. All participants are expected to be able to present any of the specific topics of the course. Also note that you might no longer be able to get a slot if you register too late, i.e. if you haven't registered and all remaining slots are taken. If you register too late, you will have to do the re-sit (see below). You won't be allowed to do a co-presentation with someone else. Note finally that presentation slots are reserved for students with the following student numbers: 3752123, 4156881, 4139940, 4162145, 4354285, 4303986, 4338007, 4301457, 4307568, 4557559, 4507786, 4505462, 4777617 and 4762550. Registered students with different numbers are of course very welcome. They just registered after the official deadline when the course schedule and syllabus had already been finalized. For registered students with different student numbers there will be oral examinations toward the end of the semester.

Short essay (40% of the final grade): The short essay is an essay of 1500 to 2000 words (including footnotes but excluding bibliography) that responds to an assignment that asks you to consider a thesis or argument contained in any of the texts that we will be studying. Given this thesis or argument, the assignment will ask you, more precisely, to argue for or against it, to explain it, to offer an objection to it, to defend it against an objection, to discuss its possible consequences, to determine whether another thesis can be held consistently with it and so forth. When responding to such an assignment, your essay should begin by (1) stating your precise thesis (get to the point quickly and without digression, a florid preface or reference to a grand historical narrative is not required), (2) defining technical or ambiguous terms that are relevant to your thesis or argument, and (3) briefly explaining how you will argue for your thesis. In case the assignment asks you to evaluate someone else's argument, you should also (4) briefly explain that argument. The main body of your essay is supposed to (5) make an argument to support your thesis. Make the strongest possible argument instead of offering several weak arguments. Do not skip any steps, and do not rest your arguments on premises that the reader might find doubtful. If you use claims that the reader might find doubtful, you must try to give convincing reasons for accepting them. Say precisely what you mean and elaborate only if necessary. Make sure that your argument is valid, and that you make adequate use of logical

indicators (“either ... or”, “consequently”, “therefore”, “all”, “not all”, “some”, “because” and so on). The main body of your essay should also (6) anticipate and answer possible objections to your argument or thesis. Refrain from making up unconvincing objections that you can reply to easily. Instead, always raise and answer the strongest objections that you can think of. Your very short essay will need to be submitted by 8/2/2019, 23:59h, through ILIAS. Late submissions will **not** be accepted. The assignments for your short essay will be announced through ILIAS on 7/24/2018.

Individual research: The assignment of the short essay is an essay question that you select from a pool of questions formulated by the instructor **or** an essay question that you formulate yourself. You are encouraged to think early on about course topics that you find particularly interesting and worth investigating, and to work on this topic when composing your essay. If you formulate your own essay question, you will need to notify your instructor per email no later than 7/24 and await his approval.

The re-sit in this course will be a long essay of 5.000 words on a topic assigned by the instructor.

## **Important formalia**

Cell phones and social media must not be used during classes (teacher inputs, work group meetings and seminars).

You are welcome to send me an email if you have questions or want to make suggestions. If your email is of interest to all course participants, I will respond to them in class or in an email to all course participants.

The UCF policy on plagiarism and cheating applies to the exercise sheets, response papers, presentations and essays. Failing to indicate sources and correctly reference all ideas and quotes from other authors or your work in other assignments will result in failing the course component and possibly the course as a whole. Cases of suspected plagiarism will be reported to the Examination Board.

SCHEDULE (PRELIMINARY)

General topic	Date	Format*	Specific topic	Mandatory readings
Intro	Mon 5/6	TI	Course requirements, schedule, literature, basic information	
International trade theory and policy	Tue 5/7	TI	Relative productivity differences	Marrewijk (2017): sections 4.1 – 4.8
	Mon 5/13	WG	Exercise sheet 1	
	Tue 5/14	TI	Production factor abundance	Marrewijk (2017): sections 6.4 – 6.10
	Mon 5/20	WG	Exercise sheet 2	
	Tue 5/21	TI	Imperfect competition and intra-industry trade	Marrewijk (2017): sections 8.1, 8.2, 15.1 – 15.3
	Mon 5/27	WG	Exercise sheet 3	
	Tue 5/28	TI	Trade policy instruments	Marrewijk (2017): sections 10.1, 10.6 – 10.10
	Mon 6/3	WG	Exercise sheet 4	
GVCs, governance and development: the basics	Tue 6/4	S	Global value chains	Poon & Rigby (2017): chap. 3
	Mon 6/17	S	Trade governance	Poon & Rigby (2017): chap. 4
	Tue 6/18	S	Trade and development	Poon & Rigby (2017): chap. 5
Global governance: states and corporations	Mon 6/24	S	GATT/GATS/TRIPS	Rodrik (2018)
	Tue 6/25	S	TNCs and global governance	Bartley (2018)
Development and inequality	Mon 7/1	S	Within-country income inequality	Freeman (1995)
	Tue 7/2	S	Globalization and income inequality	Lindert & Williamson (2001)
	Mon 7/8	S	Trade and development in Africa	Sundaram et al (2011)
Migration	Tue 7/9	S	Trade and migration: what causes what?	Rapoport (2018)
Fairness	Mon 7/15	S	Justice	Suttle (2017): chap. 2 (sections 2.1-3, 2.5, 2.6.1), pp. 28-34, 37-55.
	Tue 7/16	S	Fair trade	Ehrlich (2018): chaps. 1+2
Environment	Mon 7/22	S	Carbon foot print of global trade	WTO-UNEP (2009): “Trade and Climate Change”, pp.48-63.
	Tue 7/23	S	Carbon tax and emissions trading	WTO-UNEP (2009): “Trade and Climate Change”, pp. 90-109.
	Fri 8/2	<i>Essay due</i>		

\* TI = teacher input, WG = work group, S = seminar

## Bibliography

- Bartley, T (2018). "Transnational Corporations and Global Governance", *Annual Review of Sociology* 44: 145-165.
- Ehrlich, S. D. (2018). *The Politics of Fair Trade*. Oxford: OUP.
- Freeman, R. B. (1995). "Are Your Wages Set in Beijing?" *The Journal of Economic Perspectives* 9(3): 15-32.
- Lindert, P. H. & Williamson, J. G. (2001). "Does Globalization Make the World More Unequal?" *NBER Working Paper Series* 8228.
- Marrewijk, C. v. (2017). *International Trade*. Oxford: OUP.
- Poon, J. & Rigby, D. L. (2017). *International Trade. The Basics*. London: Routledge.
- Rapoport, H. (2018). "Migration and trade." In A. Triandafyllidou (ed.), *Handbook of Migration and Globalization*. Cheltenham, UK: Elgar, pp. 173-191.
- Rodrik, D. (2018). "What Do Trade Agreements Really Do?" *The Journal of Economic Perspectives* 32(2): 73-90.
- Sundaram, J. K. et al (2011). "Globalization and development in sub-Saharan Africa." *DESA Working Paper No. 102*.
- Suttle, O. (2017). *Distributive Justice and World Trade Law*. Cambridge: CUP.
- WTO-UNEP (2009). *Trade and Climate Change Report*.