

**ECONOMICS 4413**  
**-SPECIAL TOPIC-**  
INTERNATIONAL TRADE, LAWS, AND INSTITUTIONS  
Fall 2006

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Office Hours: Dinsdag: van 18.00 uur tot 19.00 uur

                    en            Donderdag: van 18.00 uur tot 19.00 uur

Primary Text: John H. Jackson, *The World Trading System: Law and Policy of International Economic Relations*, 2<sup>nd</sup> edition, MIT Press, 1997.

Other reading material will be taken from a book that I have edited for Blackwell Ltd. with Kwan Choi It is entitled Handbook of International Trade Volume II: Economic and Legal Analysis of Trade Policy and Institutions, 2005.

The purpose of the course is to explore the interface of the economics and legal professions' analysis of international trade. Although each profession has germane issues that are not particularly interesting to the other, the two professions share many common foci. However, cross citations, particularly from economics to law, are disturbingly low. The purpose of this class is to explore some of the issues and topics of common interest from the perspective of each profession. The focus of the class will be the WTO.

It is expected that students are conversant with the material covered in ECON 3613, undergraduate international trade, as well as, the basic concepts of microeconomics. Evaluations will be based upon a midterm exam, and the choice of either a final exam or a paper (approximately 15 pages). Student participation in class discussions will be rewarded.

**I request that students turn cell phones off upon entering the classroom. Anyone not doing so will be subject to penalties.**

Americans with Disabilities Act: If a student requires an accommodation based on disability, the student should meet with the instructor in his/her office during the first week of the semester. **Student responsibility primarily rests with informing faculty at the beginning of the semester and in providing authorized documentation through designated administrative channels.**

## TOPICS TO BE CONSIDERED

- I. Overview – Jackson’s book  
Coverage of Jackson’s book will consume 7 or 8 weeks. The midterm exam will occur after completion of this coverage.  
Andrew K. Rose, “Do WTO Members Have More Liberal Trade Policy?” Journal of International Economics 2004  
Kyle Bagwell and Robert W Staiger, “AN Economic Theory of the GATT,” American Economic Review 2004  
Joel P. Trachtman, “Building the WTO Cathedral” (mimeo)
- II. Economics vs. Legal Views of Free Trade  
Driesen, “What is Free Trade? : The Rorschach Test at the Heart of the Trade and Environment Debate” C&H Ch. 1
- III. Antidumping  
Prusa and Skealth, “Modern Commercial Policy: Managed Trade or Retaliation”. C&H Ch. 12  
Wooton and Zanardi, “Trade and Competition Policy: Antidumping vs. Antitrust”. C&H Ch. 13  
Durling and McCullough, “Teaching Old Laws New Tricks: The Legal Obligation of Non-Attribution and the Need for Economic Rigor in Injury Analysis under U.S. Trade Law” C&H Ch. 3  
Hartigan, “Endogenous Injury” C&H Ch. 16
- IV. Preferential Trading Areas  
Mavroidis, “Do Not Ask Too Many Questions: The Institutional Arrangements for Accommodating Regional Integration within the WTO”. C&H Ch. 7.  
Krishna, “ The Economists of Perferential Trade Agreements,” C&H Ch. 9
- V. GATS  
White, “International Trade in Services: More Than Meets the Eye”. C&H Ch. 17
- VI. TRIPS  
Falvey, Martinez, and Reed, “Trade and the Globalization of Patent Rights”  
Okediji, “Rules of Power in an Age of Law: Process Opportunism and TRIPS,” C&H Ch. 2
- VII. Trade and the Environment  
Conconi and Perroni, “Conditionality, Separation, and Open Rules in Multilateral Institutions” C&H Ch. 10  
Karp “The Dynamic Effects of Trade Liberalization and Environmental Policy Harmonization”C&H Ch 18  
Thomas, “Trade Related Labor and Environment Rights Agreements” C&H Ch. 4.

Kyle Bagwell and Robert W Staiger, "Domestic Policies, National Sovereignty, and International Economic Institutions," *Quarterly Journal of Economics* 116, 2001

- VIII. Compliance  
Frischmann, "A Comparative Analysis of the Compliance Institutions Used in International Trade Law and International Environmental Law" C&H Ch. 5
- IX. Tax Treaties  
Blonigen and Davies, "Do Bilateral Tax Treaties Promote Direct Foreign Investment" C&H Ch. 19
- X. Antitrust and Trade  
Bond, "Antitrust Policy in Open Economies: Price Fixing and International Cartels" C&H Ch. 11
- XI. National Treatment  
Trebilock and Giri, "The National Treatment Principle in International Trade Law" C&H Ch. 6
- XII. Agriculture  
Hartigan, "Is the GATT/WTO Biased Against Agricultural Products in Unfair International Trade Investigations" Review of International Economics, 2000.
- XIII. Dispute Resolution  
Chad P Bown, (2004) "Trade Disputes and the Implementation of Protection under the GATT: An Empirical Assessment," Journal of International Economics 62, 263-294  
  
Chad P Bown, (2005) "Trade Remedies and WTO Dispute Settlement: Why Are So Few Challenged?," Journal of Legal Studies.  
Indranil Chakraborty and James C. Hartigan, "dispute Resolution and Penalties for Non-Compliance in Treaties."
- XIV. Escape Clause  
B. Peter Rosendorff and Helen V. Milner, (2001) "The Optimal Design of International Trade Institutions: Uncertainty and Escape," International Organization 55, 829-857  
Ronald D. Fischer and Thomas J. Prusa, "WTO Exceptions as Insurance," Review of International Economics 11, 2003  
Chad P. Bown, The WTO, Safeguards, and Temporary Protection from Imports, Edward Elgar, 2006.  
Henrick Horn, Giovanni Maggi, and Robert W. Staiger, "The GATT/WTO as an Incomplete Contract," (mimeo)

- XV    Most Favored Nation  
Josh Ederington and Philip McCalman, Discriminatory Tariffs and International Negotiations," Journal of International Economics 63, 2004  
Henrick Horn and Petros Mavroidis, "Economics Aspects of the Most Favored Nation Clause," European Journal of Political Economy 17, 2001.  
Kyle Bagwell and Robert W Staiger, (2004) "Multilateral Trade Negotiations, Bilateral Opportunity and Rules of the GATT/WTO," Journal of International Economics 2004
- VXI    Issue Linkage  
Conconi and Perroni C&H Ch. 16  
Ignatius Horstmann, James R, Markusen, and Jack Robles, " Issue Linking in Trade Negotiations: Ricardo Revisited or No Pain No Gain," Review of International Economics 13, 2005