Carnegie Mellon University
Heinz College

90-860 Policy in a Global Economy
Course Syllabus, Fall 2014 (Mini 1, Sections A1 and B1)

INSTRUCTOR

Brian Kovak
Office: 3012 Hamburg Hall
Office Hours: Wednesdays 10:30-12:00 and by appointment
E-Mail: bkovak@andrew.cmu.edu
Office Phone: 412-268-5223
Home Phone: 610-772-0877 (for use only in emergencies)

LECTURE

Location: 1002 Hamburg Hall
Time: Section A1: 10:30-11:50, Section B1: 1:30-2:50
Dates: Tuesdays and Thursdays Aug 27-Oct 10

TEACHING ASSISTANT

Namho Kwon
E-Mail: nkwon@andrew.cmu.edu
Office Hours: Mondays 10:30-11:30 and 3:00-4:00, 3013 Hamburg Hall

OBJECTIVE

As global economic integration reaches historically unprecedented levels, international trade exerts an ever greater influence on national economies. In this environment, international trade affects the challenges faced by nearly all policy makers and managers, including those addressing poverty, development, labor, inequality, and the environment. This course provides policy makers and managers with the knowledge and analytical tools necessary to understand international trading relationships and their effects. These issues will be studied using the analytical tools and concepts of international economics. Case studies will be used to implement these concepts in practice.

COURSE ORGANIZATION¹

Web site: This course will use the Blackboard system (http://www.cmu.edu/blackboard/). As of the first day of class, all registered students should have complete access to the course web site. Important class information, including readings and copies of the lecture notes will be distributed regularly via this web site.

¹ Thanks are due to Lee Branstetter for providing much of the material for this course
Reading materials: No textbook is required for this course. All non-case readings for the course will be placed on the blackboard website. See below for readings relevant to each lecture. We will use a few HBS case studies during the course. The fee for these cases will be charged directly to the student accounts of all enrolled students, and printed cases will be handed out one week prior to the relevant lecture.

Exams: There will be two exams. A midterm, held in class on September 25, will account for 35% of the total grade. This exam will primarily test the student’s mastery of the analytical tools developed in the first half of the course. A final exam, during the regular exam period, will account for 45% of the total grade.

Class participation: Class discussions are an integral part of the course, and class participation will account for 10% of the total grade. To receive full credit for this portion of the grade, students must consistently demonstrate through participation in class discussions that they have completed the required readings and thought through the issues in advance of the class.

Case summaries: There will be two written case summaries due in class the day the case in question is to be reviewed. These summaries should be no more than 5 double-spaced pages long. They should specifically address the questions posed for that case, which will be posted on blackboard. Each case summary counts for 5% of the total grade, so the two collectively account for 10% of the total grade. Students may work on case summaries in groups of three or fewer. Ensure that the names of all students involved are clearly presented on the front page of the summary. Case summaries must be handed in at the beginning of class on the due date. No late case summaries will be accepted.

Grading Summary:
Midterm 35%
Final 45%
Participation 10%
Cases 10%

Policies

Please be courteous to your fellow students by coming to class on time. We have a lot of material to cover in a short amount of time, and I plan to start and end class on time. This requires you to be on time. Attendance is required, and students are expected to have completed the relevant readings and to be engaged in class discussions (see above regarding class participation in grading). If you must miss class, consult one of your classmates to get whatever material you missed. Please write down the contact information for two students in class in the following spaces.

2 For students with a particular interest in international economics, I recommend Krugman and Obstfeld, International Economics: Theory and Policy and/or Feenstra and Taylor International Economics.
Students are discouraged from using laptops in class, except for the purposes of taking notes or referring to the assigned readings. Please do not use class time to check e-mail, trade stocks, or play video games. Similarly, turn off cell phones during class. If you have a special situation that requires constant communication, please let me know.

All sources used for written assignments must be appropriately cited based on standard citation guidelines and CMU policies. Students are responsible for knowing how to cite sources appropriately. The official university definitions of cheating and plagiarism and sanctions for any violations are described here: http://www.cmu.edu/policies/documents/Cheating.html See me if you have any questions about appropriate citation before handing in an assignment.

The following represents a tentative schedule that is subject to change. Any changes will be announced in class and through the blackboard system.

**COURSE OUTLINE**

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug 26</td>
<td>Course overview</td>
</tr>
<tr>
<td>Aug 28</td>
<td>Labor productivity, technology, and comparative advantage</td>
</tr>
<tr>
<td>Sept 2, 4</td>
<td>Factor endowments, income distribution, and losses from trade</td>
</tr>
<tr>
<td>Sept 9</td>
<td>Trade policy analysis</td>
</tr>
<tr>
<td>Sept 11</td>
<td>Specific factors and the politics of protection</td>
</tr>
<tr>
<td>Sept 16</td>
<td>Imperfect competition, increasing returns, and trade</td>
</tr>
<tr>
<td>Sept 18</td>
<td>Catch-up</td>
</tr>
<tr>
<td>Sept 23</td>
<td>Midterm review</td>
</tr>
<tr>
<td>Sept 25</td>
<td><strong>Midterm Exam</strong> (in class)</td>
</tr>
<tr>
<td>Sept 30</td>
<td>GATT and WTO: Global trading rules and institutions</td>
</tr>
<tr>
<td>Oct 2</td>
<td>WTO Negotiations and the Doha Round</td>
</tr>
<tr>
<td>Oct 7</td>
<td>Evidence on trade and wages, inequality, and poverty</td>
</tr>
<tr>
<td>Oct 9</td>
<td>Trade and the environment</td>
</tr>
</tbody>
</table>
| Oct 14    | **Final Exam** (particular date and time determined by registrar)** Case summary due - Environment and Trade **

*Case summary due – WTO Disputes

*Case summary due - Environment and Trade
WEEKLY SCHEDULE

Class 1 – Course overview
August 26

Required Reading

World Bank Issue Brief: Globalization

Supplemental Reading


Class 2 - Labor productivity, technology, and comparative advantage
August 28

Required Reading

“Trade Winds,” The Economist, 11/8/97
“The Miracle of Trade,” The Economist 1/27/96

Supplemental Reading

Krugman and Obstfeld, International Economics: Theory and Policy, Chapter 3

Class 3, 4 - Factor endowments, income distribution, and losses from trade
September 2, 4

Required Reading

“Workers of the world, compete,” The Economist, 4/2/94
“More pain than gain,” The Economist, 9/14/06

Supplemental Reading

Krugman and Obstfeld, International Economics: Theory and Policy, Chapter 4

Class 5 – Trade policy analysis
September 9

Required Reading

“Sweet deal,” Time, 11/16/98

Supplemental Reading

Krugman and Obstfeld, International Economics: Theory and Policy, Chapter 8
Class 6 - Specific factors model and politics of protection  
September 11  
Required Reading  
Supplemental Reading  

Class 7 - Imperfect competition, increasing returns, and trade  
September 16  
Required Reading  
“Why trade is good for you,” *The Economist*, 10/1/98  
Supplemental Reading  
“Silicon Valley (East)” *The Economist*, 11/5/98  

Class 9 – Catch-up  
September 18  

Class 8 – Midterm review  
September 23  

MIDTERM EXAM  
September 25  

Class 9 - GATT and WTO: Global trading rules and institutions  
September 30  
Required Reading  
“Picking a fight,” *The Economist*, 3/9/10  
“U.S. and Brazil Reach Agreement on Cotton Dispute,” *New York Times*, 4/6/2010  
“Note on WTO Disputes: Five Major Cases” *HBS Case* 9-703-016  
Supplemental Reading  
Class 10 – WTO Negotiations and the Doha Round
October 2

Required Reading

WTO Disputes case summary due at the beginning of class

Supplemental Reading


Class 11 - Evidence on trade and wages, inequality, and poverty
October 7

Required Reading

Krugman and Lawrence “Trade, Jobs, and Wages,” Scientific American, April 1994
“Krugman’s conundrum,” The Economist, 4/17/08

Supplemental Reading

“Globalization and the rise of inequality,” The Economist, 1/18/07

Class 12 – Trade and environment
October 9

Required Reading

“Environment and International Trade” HBS Case 9-794-018

Case summary due at the beginning of class
Irwin, Free Trade Under Fire, p.48-54

FINAL EXAM
October 14