

**THE UNIVERSITY OF MICHIGAN  
Ford School of Public Policy**

**SUMMER PROGRAM IN PUBLIC POLICY AND  
INTERNATIONAL AFFAIRS**

**Policy Seminar in**

**THE USE AND ABUSE OF BARRIERS  
TO INTERNATIONAL TRADE**

**READINGS**

Coursepack:

Brown, Drusilla K., Alan V. Deardorff, and Robert M. Stern, "North American Integration," *The Economic Journal* 102, November 1992, pp. 1507-1518.

Deardorff, Alan V., "The Benefits and Costs of Following Comparative Advantage," in Department of Economics, *The Economic Outlook for 1998*, Forty-Fifth Annual Conference on the Economic Outlook, Ann Arbor, MI, 1997, pp. 174-215.

Deardorff, Alan V. and Robert M. Stern, "What You Should Know about Globalization and the World Trade Organization," *Review of International Economics* 10, August 2002, pp. 404-423.

International Monetary Fund, "Globalization: Threat or Opportunity?" Issues Brief, April 2000.

Jackson, John H., "The Policies and Realities of International Economic Regulation," Chapter 1 in *The World Trading System: Law and Policy of International Economic Relations*, 2<sup>nd</sup> edition, Cambridge, MA: MIT Press, 1997.

Krugman, Paul, "The Uncomfortable Truth about NAFTA," Chapter 10 in *Pop Internationalism*, Cambridge, MA: MIT Press, 1996.

Morkre, Morris E. and David G. Tarr, "Welfare Effects of Protection: Methodology," Chapter 2 in *The Effects of Restrictions on United States Imports: Five Case Studies and Theory*, U.S. Federal Trade Commission, 1980.

Steel Tariff Links: A selection of short readings from the web on the U.S. steel tariffs.

## COURSE OUTLINE

### **Class 1: Tuesday, July 15, 9:30-11:30**

Lecture:

The Structure of Trade and the Gains from Trade

Assignments

Read Jackson (1997)

Read Deardorff and Stern (2002), pp. 404-413

### **Class 2: Thursday, July 17, 9:30-11:30**

Presentations and discussion

Pros and Cons of U.S. Tariff on Steel

Points of View

U.S. steel workers

U.S. owners of steel firms

U.S. owners of auto firms

U.S. consumers

U.S. Commerce Department

U.S. State Department

Ambassador from Brazil (or other developing country)

Ambassador from Europe (or other developed country)

Assignments:

Read Steel Tariff Links (speakers only)

Krugman (1996), Ch. 10

Brown et al. (1992)

Paper, 3-5 pages, **due Monday, July 21, 9:30 AM**

**Topic:** The North American Free Trade Agreement (NAFTA):

Identify and discuss briefly the major issues that divide those who were and are in favor of the NAFTA and those opposed. Indicate those groups within the U.S., Mexican, and world economies who you would expect to be the major gainers and losers from the NAFTA and why.

**Class 3: Tuesday, July 22, 9:30-11:30**

Lecture:

The Analytics of Trade Policy

Assignments

Read Deardorff (1997)

Read Morkre & Tarr (1980)

Policy exercise, **due Friday July 25, 5:00 PM**

**Topic:** Analysis of Sugar Tariff (See separate assignment)

**Class 4: Thursday, July 24, 9:30-11:30**

Presentations and discussion:

Pros and Cons of the World Trade Organization

Points of View:

U.S. labor unions (AFL-CIO)

U.S. environmental groups (Sierra Club)

U.S. consumer groups (Public Citizen)

The United States Trade Representative

Al Gore

George W. Bush

The U.S. Chamber of Commerce

The European Union

The government of Mexico

The government of China

Any other developing country

Assignments:

Read web pages relevant to your point of view (speakers only)

Deardorff and Stern (2002), pp. 413-422 (the pages you didn't read before).

IMF (2000)