

SYLLABUS

Economics 3400: International Trade and Commercial Policy

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Greensboro College
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Academic Honor Code: All academic endeavors at Greensboro College are based on the assumption that each student will uphold the highest principles of honesty and fairness. This expectation and assumption finds expression in the Academic Honor Code which every student is committed to uphold. The Academic Honor Code reads;

Every student is honor bound to refrain from cheating, plagiarizing, and lying. Every student is honor bound to refrain from misusing library, laboratory, or computer equipment or materials. Every student is honor bound to refrain from disruptive classroom behavior. Every student is honor bound to comply strictly with all examination and testing procedures as may be prescribed by the College, the faculty, or individual members of the faculty. Every student is honor bound to report Academic Honor Code violations. (Greensboro College Undergraduate Academic Catalog 2007-2008, p. 42.)

Objective: This course analyses the importance of world trade and U.S. government policy-making with regard to foreign trade. The neoclassical theory of comparative advantage, specialization, and trade; a general history of the evolution of world capital markets and capital mobility; the economic effects of globalization on regional economies and the standard of living; the theory of tariffs and non-tariff barriers to trade; an overview of the economics of development, foreign capital investment and foreign exchange markets, and income growth; and a normative discussion of the policies of free-trade versus protectionism are also covered. In addition, the future of capitalism in an environment of economic globalization is considered. This course meets the Global Perspective graduation requirement.

Attendance: Discussion, inquiry, and debate are essential to the study of economics. If a student does not attend class or is not prepared to contribute to discussion, they are not in a position to claim that they understand the subject matter. Therefore, students are expected to be present and prepared at all of their regularly scheduled classes. At the discretion of the instructor, students with excessive absences from class may be dropped with a failing grade.

Seminar Discussion: This course will place a particular emphasis on discussion of the extensive readings required. Students are expected to be engaged in discussion and to be prepared with interpretations, points of curiosity, affirmations and/or objections, and theoretical insights on the material drawn from economics, public policy, history, sociology and foreign relations. Students will be called upon to comment directly on the meaning of the readings, to answer or follow-up on questions, to editorialize and contribute in an informed, salient fashion to classroom discussion. Ignorance, lack of preparation, and disinterest will not be well-rewarded grade-wise.

Final Examination: Students will take an in-class examination reflecting their cumulative knowledge of international trade and commercial policy concepts and issues which are covered during the semester. A battery of essay questions to be assailed in the allotted three-hour period will provide the capstone heuristic exercise for the semester.

Regional Study: Working in consultation with the Professor early in the semester, students will choose a region of the world involving at least three sovereign nations and write a “Regional Study.” The Regional Study will be a minimum 16-page (typed) work. The Regional Study will provide a cogent overview of the important economic, political, and cultural issues and problems facing the area. For the student’s Regional Study to be appraised for a grade as “excellent,” such a work must be carefully conceived, well-organized, well-written, significantly referenced with professional-level publications. Further, excellent work will make reference to the opinions of the foremost experts, make sophisticated use of concepts from international economic theory, and derive a set of alternative contingent prognoses on the likely future of the region. Dr. Oerther cannot emphasize enough how important it is for the academic credibility of this work to include full and accurate citation to all sources used in the research and writing, and to the special importance of avoiding even a hint of plagiarism. The Regional Study is due in my office (209 Odell) or in class no later than 6:30pm Thursday April 17th. No late work will be accepted.

Grading:	Seminar Discussion	40%
	Regional Study	30%
	Final Examination	30%

Texts:

Bhagwati, Jagdish [2004], In Defense of Globalization. Oxford University Press. ISBN0-19-517025-3.

Friedman, Benjamin M. [2005], The Moral Consequences of Economic Growth. Alfred A. Knopf. ISBN0-679-44891-8.

Fukuyama, Francis [2006], American at the Crossroads: Democracy, Power, and the Neoconservative Legacy.

Lal, Deepak [1998], Unintended Consequences: The Impact of Factor Endowments, Culture, and Politics on Long-Run Economic Performance. MIT Press. ISBN 0-262-12210-3.

Mandelbaum, Michael [2007], The Ideas That Conquered the World: Peace Democracy, and Free Markets in the Twenty-First Century. PublicAffairs of Perseus Publishing. ISBN-1-58648-134-7.

Stiglitz, Joseph E. [2004], Globalization and Its Discontents. W.W. Norton. ISBN 0-393-05124-2.

Schedule:

THURSDAY January 17, 2008, 6:30pm. Introduction.

THURSDAY January 24. Lecture I. The Global Economy.

Markets and Nations, Corporations and Governments.

Overview of Trade Flows.

The Mercantilist's Dilemma.

Sovereignty, Incentives, Economic Forces.

Global Factor Price Equalization.

Open Communication, the Public Good of the International Knowledge-Based Economy.

Low Cost Transportation Revolution; Labor Migrations and Capital Mobility.

Geo-demographic Disruptions.

THURSDAY January 31. Lecture II. Ideas.

Peace or Piracy; Democracy or Autocracy; Trade or Terror.

Free Trade versus Protectionism.

The Interest-Group Politics of Protectionism.

Globalization and Its Discontents.

Trade Policy as a Tool of International Diplomacy.

Demographic Blocs.

Ethnicity, Religion, Ideology.

The End of History: The Neo-Conservative Thesis.

Soft Power: Money Talks.

Who are the Great Powers?

THURSDAY February 7. Lecture III. Economic Productivity.

The Impact of Factor Endowments, Culture, and Politics.

Social Equilibria.

Cosmology, Acculturation, Family Structure Capital.

Institutions: Religion, State, and Ideology.

Suboptimal Equilibria, How Societies Become Trapped by Their Own Institutions.

Overview of Great Ancient Civilizations.

Egypt, China, India, Mesopotamia, Islam.

Types of Economic Growth.

Smithian: Division of Labor; Population-driven extensive growth.

Ricardian: Technological; Machine-driven intensive growth.

Capitalist: Organizational; Institutional-Contractual-driven growth.

Scale and Scope Economies.

Knowledge Production: Human Capital-driven growth.

Social Stratification; Caste, Feudal Hierarchy, Bureaucracy, Superstition.

Visible Failure, Crisis Management, Behavioral Adjustment, and Punctuated Equilibrium.

THURSDAY February 14. Lecture IV. Social Capital.

The Rise of the West

The Nuclear Family, Individualism, and the Social Capital of Western Civilization.

Essentials of Social Capital.

Unintended Consequences of Church-State Rivalry.

Radical Individualism and Neglect of Tradition.

Runaway Depreciation of Social Capital.

Destruction of the Family?

Skeptical Humanism versus Multi-cultural Relativism.

Is Western Society in a High-Equilibrium Trap?

Rights-Talk, the Entitlement-Redistribution Industrial Complex, and the Rent-Seeking Society:

Failure of Constitutional Democracy.

The Rise and Fall of Great Powers.

The Fatal Conceit: Errors of Socialism.

THURSDAY February 21. Lecture V. The Market Process View.

Spontaneous Order; The Invisible Hand.

Individualism, Privacy, and Private Property Rights.

Prices as Signals to Action.

Markets Rationalize Resource Allocation & Division of Labor.

De-Centralized Decision-Making and Risk-Taking.

The Profit-Motive: The Role of Incentives In Production.

Waste Minimization, Cost Savings, Innovation and Invention.

Competition and Cooperation: Rivalry and Contract.

Consumer Sovereignty.

Uncertainty and Markets for Information:

Transactions Costs: Search, Bargaining, and Enforcement.

Unintended Consequences.

Libertarian Imperative: Limited Government Essential to Economic Development.

THURSDAY February 28. Lecture VI. America in the World Economy.

The Basis of American Foreign Policy: Exceptionalism, National-Interest, and Hegemony.

Wilsonian Exceptionalism.

The United Nations: U.S. Puppet or Harbinger of World Government?

The End of the Cold War: Economic Consequences of the Peace.

Clash of Civilizations: When Liberalism Stumbled.

The Non-Negotiable Demands of Human Freedom.

International Keynesian Economics: The Basics of Import-Substitution Policy.

The Historical Record of the post-World War Two Era.

week of March 3-7. Spring Break.

THURSDAY March 13. Lecture VII. Global Prosperity.

The Tower of Babel.

The Future of Capitalism: Its Lonely at the Top.

Sources of Backlash and an Assessment of Their Legitimacy.

Uncertainty, Instability, Hubris: Pride Goeth Before a Fall.

Post-Keynesian Critique of Globalization.

The Disaster Scenario: Run on the Dollar.

Global Macroeconomic Stabilization Policy?

The World Market: Final Prognosis.

THURSDAY March 20. Lecture VIII. Topics.

Reform Proposals: A Mass of Contradiction.

Critical Problems of the Undeveloped World.

China: Red Dragon Speak with Bimetallic Tongue.

Japan: Model of Success?

GATT & NAFTA: Precursor to Growth or Giving Away the Candy Store?

Islam: Arab Nationalism, Fundamentalist Reaction, Oil and Terror.

Market Imperatives: Austerity, Intellectual Property Rights, Privatization, Liberalization,
Human Rights, Rule of Law, Literacy.

THURSDAY March 27. Lecture IX. More Social Capital Theory.

The Challenge to Materialist Explanations of Economic Outcomes.

Trust and Other Values, Work Ethics and Other Virtues.

Professionalism: The Self-Regulating Society.

Hydrological Despotism.

Collective Predation.

Constraining Predatory Government.

Freedom, the Ultimate Public Good.

THURSDAY April 3. Lecture X. Guns, Germs, and Steel.

The Tragedy of the Commons.

How Societies Choose to Fail or Succeed.

Books, Brains, and Freedom.

God, Gold, and Glory.

Traditions, Organization, and Religion.

Morals, Incentives, and Spontaneous Organization.

The Probability That Government Will Create Efficient-Allocation Outcomes.

Marginal Cost Pricing, Enforceable Property Rights.

Moral Suasion or Budget Discipline.

THURSDAY April 10. TBA.

THURSDAY April 17. Capstone Discussion.

Regional Study due 6:30pm. No late work will be accepted.

THURSDAY April 24. Reading Day in ECONOMICS.

TUESDAY April 29. Reading Day.

THURSDAY May 1, 6:30pm. Final Examination.