



## Seminar on “Topics in Trade Policy”

The seminar aims at shedding light on key aspects of trade policy, thereby addressing non-cooperative as well as cooperative forms of policy setting. A particular focus of the course lies on the role of regional trade agreements and their relationship with the multilateral agreement under the umbrella of the WTO. In addition, the seminar offers insights into the role of interest groups and tackles other issues like environmental and labor standards.

### Requirements

- Active participation in the seminar
- Seminar presentation and moderation of the discussion afterwards
- Written work of about 10 pages (main text) at Bachelor level and 12 pages at Master level
- Economics and IWE/IWG students can acquire 5 CP in their Bachelor program and 6 CP in their Master program (only in the area “Individueller Schwerpunkt”/ “Individuelle Spezialisierung”). P&E Bachelor students can acquire 8/10 CP (depending on their program regulations) if the course is selected as Verzahnungsseminar. For the additional points, these students have to participate in a “final discussion” on the course. (This course **cannot** be selected as “Electives” course in the new P&E Master program).
- There is no necessity for preparing written work or participating in the “final discussion” if P&E Bachelor students would like to acquire 2 CP (kleiner Schein).

### Organization

There will be an introductory lecture in the first week of the semester: 15 October, 10-12am. In this introductory lecture, topics are assigned to students. The main part of the seminar is organized as block seminar (scheduled for November 29<sup>th</sup>/30<sup>th</sup>).

Please send all course-related questions to [hartmut.egger@uni-bayreuth.de](mailto:hartmut.egger@uni-bayreuth.de).

Noteworthy: The language of the seminar is English.

## **Application and deadlines**

- Applicants must enroll to the E-Learning server until 15 September 2013 at the following link: [application](#).
- Students who can participate in the seminar will be notified not later than 30 September 2013. Please make sure that the e-mail address in your personal profile is up to date, as we will use this contact information for correspondence.  
(Note that we do not give any information upon acceptance before that date. E-mails with such requests will be deleted without response!)
- Late applications can be considered until 15 October, provided that there is free capacity.
- **Deadline for handing in written work:** January 31<sup>st</sup> 2013. (Slides must be handed in three days prior to the presentation.)

## **Seminar topics**

### **Topic 1: Unilateral trade policy**

#### **1) The case of optimal tariffs**

Felbermayr, G., Jung, B., Larch, M. Optimal tariffs, retaliation, and the welfare loss from tariff wars in the Melitz model, *Journal of International Economics* 89, 13-25.

Gros, D. (1987): A note on the optimal tariff, retaliation and the welfare loss from tariff wars in a framework with intra-industry trade, *Journal of International Economics* 23, 357-367.

Johnson, H. (1953): Optimum tariff and retaliation, *Review of Economic Studies* 21, 142-153.

Syropoulos, C. (2002): Optimum tariffs and retaliation revisited: how country size matters, *Review of Economic Studies* 69, 707-727.

Venables, A. (1987): Trade and trade policy with differentiated products: A Chamberlainian-Ricardian model, *Economic Journal* 97, 700-717.

#### **2) Strategic trade policy**

Brander, J.A., Spencer, B.J. (1985): Export subsidies and international market share rivalry, *Journal of International Economics* 18, 83-100.

Brander, J.A., Spencer, B.J. (1988): Unionized oligopoly and international trade policy, *Journal of International Economics* 24, 217-234.

Brander, J.A. (1995): Strategic trade policy, in: G.M. Grossman and K. Rogoff, eds., Handbook of International Economics, vol. 3, Amsterdam: North Holland, 1395-1455.

Collie, D. (1991): Export subsidies and countervailing tariffs, Journal of International Economics 31, 309-324.

Dixit, A. (1984): International trade policy for oligopolistic industries, Economic Journal 94, 1-16.

### **3) A political economy model of trade policy**

Grossman, G.M. and Helpman, E. (1994): Protection for sale, American Economic Review 84, 833-850.

Mitra, D. (1999): Endogenous lobby formation and endogenous protection: a long-run model of trade policy determination, American Economic Review 89, 1116-1134.

## **Topic 2: trade talks, bilateral/ and multilateral trade policy**

### **4) Trade talks**

Grossman, G.M., Helpman, E. (1995): Trade wars and trade talks, Journal of Political Economy 103, 675-708.

Ossa, R. (2011), Trade wars and trade talks with data, NBER Working Paper 17347.

### **5) Regional trade agreements**

Bond, E.W., Riezman, R.G., Syropoulos, C., (2004): A strategic and welfare theoretic analysis of free trade areas, Journal of International Economics 64, 1-27.

Grossman, G.M., Helpman, E. (1995): The politics of free-trade agreements, American Economic Review 85, 667-690.

Kemp, M.C., Wan Jr, H., (1976): An elementary proposition concerning the formation of customs unions, Journal of International Economics 6, 95-97.

Krugman, P., (1991): Is bilateralism bad. In: Helpman, E., Razin, A. (Eds.), International Trade and Trade Policy, MIT Press, Cambridge.

### **6) Regionalism vs. multilateralism**

Freund C. (2000): Multilateralism and the endogenous formation of preferential trade agreements, Journal of International Economics 52, 359-376.

Krishna, P., (1998): Regionalism and multilateralism: a political economy approach. *Quarterly Journal of Economics* CXII, 227-251.

Ornleas, E. (2005): Endogenous free trade agreements and the multilateral trading system, *Journal of International Economics* 67, 471-497.

### **7) Gatt and the WTO**

Bagwell, K., Staiger, R.W. (1999): An economic theory of GATT, *American Economic Review* 89, 215-248.

Bagwell, K., Staiger, R.W. (2010): The world trade organization: theory and practice, *Annual Review of Economics* 2, 223-256.

Ossa, R. (2011): A “new trade” theory of GATT/WTO negotiations, *Journal of Political Economy* 119, 122-152.

## **Topic 3: Other issues**

### **8) Environmental standards**

Copeland, B.R., Taylor, S.M. (2004): Trade, growth and the environment, *Journal of Economic Literature* 42, 7-71.

Copeland, B.R., Taylor, S.M. (2005): Free trade and global warming: A trade theory view of the Kyoto Protocol, *Journal of Environmental Economics and Management* 49, 205-234.

Frankel, J.A. , Rose, A.K. (2005): Is trade good or bad for the environment? Sorting out the causality, *Review of Economics and Statistics* 87, 85-91.

Neary, J.P. (2006): International trade and the environment: theoretical and policy linkages, *Environment and Resource Economics* 33, 95-118.

Straume, O.R. (2006): Product market integration and environmental policy coordination in an international duopoly, *Environment and Resource Economics* 34, 535-563.

Tanguay, G. (2001): Strategic environmental policies under international duopolistic competition, *International Tax and Public Finance* 8, 793–811.

### **9) Labor standards and child labor**

Basu, K. (1999): Child labor: cause, consequence, and cure, with remarks on international labor standards, *Journal of Economic Literature* 37, 1083-1119.

Brown D.K. (2001): Labor standards: Where do they belong on the international trade agenda?, *Journal of Economic Perspectives* 15, 89-112.

Boockmann, B., Vaubel, R. (2009): The theory of raising rivals' costs and evidence from the International Labor Organization, *World Economy* 862-888.

Edmonds, E.V., Pavcnik, N. (2005): Child labor in the global economy, *Journal of Economic Perspectives* 19, 199-220.

Edmonds, E.V., Pavcnik, N. (2006): International trade and child labor: Cross-country evidence, *Journal of International Economics* 68, 115-140.

Martin, W., Maskus, K.E. (2001), Core labor standards and competitiveness: implications for global trade policy, *Review of International Economics* 9, 317-328.

### **10) Culture and trade**

Bala, V., Van Long, N., (2005): International trade and cultural diversity with preference selection, *European Journal of Political Economy* 21, 143-162.

Cole, M.T., Davies, R.B. (2010): Royale with Cheese: The Effect of Globalization on the Variety of Goods," *Review of Development Economics*, forthcoming.

Janeba, E. (2007): International trade and consumption network externalities, *European Economic Review* 51, 781-803.