

TENTH SUMMER SCHOOL IN INTERNATIONAL AND DEVELOPMENT ECONOMICS

The Political Economy of Trade in Services

Sunday 18 to Wednesday 21 September 2011
University of Milan, Palazzo Feltrinelli, Gargnano (BS), Italy

Syllabus, Emanuel Ornelas

I will cover some of the key papers on the political economy of international trade agreements. My plan is to discuss in more detail the readings marked with an asterisk. The other readings are for background.

0. Some recent useful general texts on international trade agreements

Kyle Bagwell and Robert W. Staiger (2002). [The Economics of The World Trading System](#). MIT Press.

Kyle Bagwell and Robert W. Staiger (2010). "[The World Trade Organization: Theory and Practice](#)." **Annual Review of Economics** 2, 223-256.

Caroline Freund and Emanuel Ornelas (2010). "[Regional Trade Agreements](#)." **Annual Review of Economics** 2, 139-166.

World Trade Organization (2007). "World Trade Report: Sixty Years of the Multilateral Trading System : Achievements and Challenges." World Trade Organization, http://www.wto.org/english/news_e/pres07_e/pr502_e.htm

World Trade Organization (2011). "World Trade Report: The WTO and preferential trade agreements: From co-existence to coherence." World Trade Organization, http://www.wto.org/english/news_e/pres11_e/pr631_e.htm

1. International trade agreements in goods and services: the basics

* see WTO (2011)

* Mattoo, Aaditya and Pierre Sauvé (2011). "Services." In: Jean-Pierre Chauffour and Jean Christophe Maur (eds.), [Preferential Trade Agreement Policies for Development: A Handbook](#). World Bank.

Kemp, Murray and Henry Wan (1976) "[An Elementary Proposition Concerning the Formation of Customs Unions.](#)" **Journal of International Economics** 6: 95-97.

Breinlich, Holger and Chiara Criscuolo (2011). "[International trade in services: A portrait of importers and exporters.](#)" **Journal of International Economics** 84, 188-206.

Francois, Joseph and Bernard Hoekman (2010). "[Services Trade and Policy.](#)" **Journal of Economic Literature** 48, 642-692.

2. The political economy of FTA formation

* Grossman, Gene and Elhanan Helpman (1995). "[The Politics of Free-Trade Agreements.](#)" **American Economic Review** 85, 667-690.

* Krishna, Pravin (1998). "[Regionalism and Multilateralism: A Political Economy Approach.](#)" **The Quarterly Journal of Economics** 113, 227-252.

* Ornelas, Emanuel (2005). "[Rent Destruction and the Political Viability of Free Trade Agreements.](#)" **Quarterly Journal of Economics** 120, 1475-506.

Ornelas, Emanuel (2005). "[Endogenous Free Trade Agreements and the Multilateral Trading System.](#)" **Journal of International Economics** 67, 471-497.

Richardson, Martin (1993). "[Endogenous Protection and Trade Diversion.](#)" **Journal of International Economics** 34, 309-324.

3. The empirics of RTAs and external trade liberalization

Bohara, A., K. Gawande and P. Sanguinetti (2004). "[Trade Diversion and Declining Tariffs: Evidence from Mercosur.](#)" **Journal of International Economics** 64, 65-88.

* Estevadeordal, Antoni, Caroline Freund and Emanuel Ornelas (2008). "[Does Regionalism Affect Trade Liberalization towards Nonmembers?](#)" **Quarterly Journal of Economics** 123, 1531-1575.

* Calvo-Pardo, Hector, Caroline Freund and Emanuel Ornelas (2011). "The ASEAN Free Trade Agreement: Impact on Trade Flows and External Trade Barriers." In R. Barro & J. Lee (eds.), [Costs and Benefits of Economic Integration in Asia](#), 157-186, Oxford University Press.

* Limão, Nuno (2006). "[Preferential Trade Agreements as Stumbling Blocks for Multilateral Trade Liberalization: Evidence for the U.S.](#)" **American Economic Review** 96, 896-914.

Karacaovali, B. and Nuno Limao (2008). "[The clash of liberalizations: preferential vs. multilateral trade liberalization in the European Union.](#)" **Journal of International Economics** 74, 299-327.

* Fugazza, Marco and Frédéric Robert-Nicoud (2010). "[The emulator effect of the Uruguay Round on U.S. regionalism.](#)" CEP Discussion Paper 973.

4. RTAs and broader political economy issues

* Philippe, Martin, Thierry Mayer and Mathias Thoenig (2010). "[The Geography of Conflicts and Free Trade Agreements](#)." CEPR Discussion Paper 7740.

* Liu, Xuepeng and Emanuel Ornelas (2011). "[Free Trade Agreements and the Consolidation of Democracy](#)." Mimeo.

Conconi, Paola, Giovanni Facchini and Maurizio Zanardi (2011). "[Fast track authority and international trade negotiations](#)." **American Economic Journal: Economic Policy**, forthcoming.

5. Multilateral trade agreements

* Roy, Martin (2010). "[Endowments, power, and democracy: political economy of multilateral commitments on trade in services](#)." Mimeo.

Egger, Peter and Rainer Lanz (2008). "[The Determinants of GATS Commitments Coverage](#)." **World Economy** 31, 1666-1694.

Grossman, Gene and Elhanan Helpman (1995). "[Trade Wars and Trade Talks](#)." **Journal of Political Economy** 103, 675-708.

* Bagwell, Kyle and Robert Staiger (1999). "[An Economic Theory of GATT](#)." **American Economic Review** 89, 215-248.

Ornelas, Emanuel (2008). "[Feasible Multilateralism and the Effects of Regionalism](#)." **Journal of International Economics** 74, 202-224.

Bagwell, Kyle and Robert Staiger (2001). "[Domestic Policies, National Sovereignty and International Economic Institutions](#)." **Quarterly Journal of Economics** 116, 519-562.

* Antràs, Pol and Robert Staiger (2011). "[Offshoring and the Role of Trade Agreements](#)." Mimeo.

* Mrázová, Monika (2011). "[Trade Agreements when Profits Matter](#)." Mimeo.

Ossa, Ralph (2011). "[A 'New Trade' Theory of GATT/WTO Negotiations](#)." **Journal of Political Economy** 119, 122-152.

* Maggi, Giovanni and Andrés Rodríguez-Clare (1998). "[The Value of Trade Agreements in the Presence of Political Pressures](#)." **Journal of Political Economy** 106, 574-601.

Maggi, Giovanni and Andrés Rodríguez-Clare (2007). "[A Political-Economy Theory of Trade Agreements](#)." **American Economic Review** 97, 1374-1406.