

## MIDTERM EXAMINATION

Answer any **Four** (take-home option, any **Six**)

### Questions Based on the Text -- Pugel

1. Chapter 3. Briefly outline the theory of comparative advantage. Contrast this theory with that of Mercantilism—the strengths and weaknesses of each. How does comparative advantage differ from absolute advantage? What appear to be the theory's main strengths and weaknesses in explaining trade patterns?
2. Chapter 8. How does a tariff affect trade patterns? Who gains and loses from the imposition of a tariff? How do we measure these gains and losses? What is more important from a protected company perspective—the tariff itself or the effective rate of protection? Why?
3. Chapter 10. What are the main arguments used to support protectionism? The main arguments against protectionism? On balance, which set of arguments do you feel make the best case? Why?
4. Chapter 12. What are some of the main issues concerning the use of sanctions/trade embargoes? What circumstances appear most favorable for a successful sanction episode? The least favorable?
5. Chapter 12. Briefly outline the main types of economic integration. Under what conditions will economic integration in a custom union likely be successful? Unsuccessful? What factors do you feel led to the success of economic integration in Europe, but failure in many of the developing parts of the world? Is NAFTA likely to be a success? Why or why not?
6. Chapter 14. Many developing countries feel that they are at a disadvantage in the world economy due to their declining terms of trade. What factors might lead to these price movements and are there any counteracting forces? Concern over the terms of trade has led many developing countries at one time or another to adopt a strategy of import substitution? What are the advantages and disadvantages of this trade strategy? What are the main lessons learned so far concerning the integration of transition economies into the world economy?

### Questions Based on the Text -- -- Wheelan

7. Chapter 1, markets. Wheelan argues that a market economy is to economics what democracy is to government: a decent if flawed, choice among many bad alternatives. What does he base this assessment on? Do you agree with his assessment? Why or why not?

8. Chapter 2 incentives. Wheelan notes that programs, organizations and systems work better when they get the incentives right. Based on the chapter, give some examples of situations where the incentives were not right. What happened? How could the situation have been improved?

9. Chapter 3 government and the economy I. Public goods and externalities pose problems for the price system. Using a few examples outline what you feel the proper role of government in situations where externalities, are present. What determines if a good is a "public" good? The proper role of the government regarding public goods?

10. Chapter 4 government and the economy II. Wheelan asks whether the role the government plays in the United States economy too big, too small or just about right? Why is it so difficult to arrive at a simple answer? What are the main issues here?

11. Chapter 5 economics of information. Wheelan notes that the chapter is not about discrimination it is about information. What does he mean by this? Illustrate with a few examples.

12. Chapter 6 productivity and human capital. What is human capital and what insights does it give us as to the workings of the economy?

13. Chapter 8 organized interests. Wheelan observes that "if people know so much about public policy, then why is everything so messed up?" – for example why can't the pursuit of public policy translate into a perfect world? As he goes on to explain, what are some of the main problems associated with public policy in a democracy such as the United States

14. Chapter 12. Trade and globalization. What are the main benefits of trade? If trade provides so many benefits, why are so many groups opposed to it?

### **Papers from the Class Readings/Discussions**

#### New Papers

Need to include Spence paper on globalization stalling.

15. William Bonvillian "Donald Trump's Voters and the Decline of American Manufacturing," draws a number of dire conclusions from his assessment of the manufacturing sector. How does he see the American manufacturing sector evolving and the problems thus created over the last 30 years? Do you agree with his assessment? Why or why not?

16. Fred Bergsten, "The U.S. Agenda: Trade Balances and the NAFTA Renegotiation," examines President Trump's policies towards NAFTA are fundamentally misplaced. Briefly outline Bergsten's criticisms. What alternative policies might he pursue towards NAFTA. Do you find his arguments compelling? Why or why not?

17. Antoni Ortiz-Mena, "Toward a Positive NAFTA Renegotiation" looks at NAFTA from a Mexican perspective. Following his assessment what are Mexico's main negotiating principles and objectives. From the Mexican perspective what would a positive NAFTA renegotiation include? Do you feel his position is reasonable and realistic? Why or why not?

18. Jeff Schott and Cathleen Cimino-Isaacs " (Updating the North American Free Trade Agreement) outline the problems in framing the negotiation around trade balances. What are their main arguments in this regard? Following their assessment what are the common interests the member countries? What specific recommendations do they put forth?

19. In "NAFTA and Energy" Gay Hufbauer and Euijin Jung note that energy trade is a big component of NAFTA. Briefly describe the patterns of energy trade between the three countries. What recommendations do they make to the NAFTA renegotiations to improve the energy situation?

20. John Hamre (NAFTA as a National Security Priority) notes that "Contrary to President Donald Trump's emotional claims, NAFTA is a highly beneficial security structure, helping the United States defend its borders in a far more modern and efficient way. Repealing NAFTA would be a tragic reversal of the clock to an earlier and less secure era." On what does he base this conclusion? Do you agree with his assessment? Why or why not?

21. In "The Truth About Trade: What Critics Get Wrong About the Global Economy" Douglas Irwin responds to several contemporary criticisms against trade. What are some of the more common anti-trade arguments and Irwin's response? What does he recommend for U.S. policy in the trade area? Do you find his arguments compelling? Why or why not?

22. Following Mireya Solis, "The Case for the Trans-Pacific Partnership" what do you feel are the main reasons the U.S. should move ahead with the TPP? What might the U.S. also do to improve the results obtained from the TPP?

23. As outlined in Robert Looney "Energy Security in Western Europe", briefly summarize the main concerns of the EU as they pertain to energy security. What is the EU policy regarding Energy Security? Pick two Western European countries and discuss the problems they have in conforming to the EU approach. Why do these differences between country energy policy and EU policy differ?

24. U.S. manufacturing is going through a difficult transition period. Following Robert Looney, "U.S. Manufacturing," outline some of the major changes taking place in the sector. What has been the government response? Do you feel it is likely to be successful? Why or why not?

25. Following Alexandre Vautravers, "Geo-economics of the Global Arms Industry" trace the major trends in the global arms industry's the major trends in the global arms

industry. What are likely future developments in the area? Do you find his assessment compelling? Why or why not?

26. In "Geostrategic economics in the 21<sup>st</sup> century: China, America and the Trans-Pacific Partnership" Francis Schortgen attempts to determine the degree and extent to which the TPP could possibly serve a broader geostrategic purpose for the U.S. above and beyond trade considerations. What are the essays main arguments and conclusions? Do you find them compelling? Why or why not?

27. Robert Blackwell and Jennifer Harris suggest that the U.S. should restore the Lost Art of Economic Statecraft. What is it they would like to see restored? Why did the U.S. tend to move away from geo-economics? Do you feel we should return to the days of economic statecraft? Why or why not?

28. In the CFR's Trading Up: U.S. Trade and Investment Policy, the point is made that the U.S. is operating below its potential in the trade and investment areas. What are the main areas of concern? What is the Obama administration been doing to achieve better performance in these areas? What areas has the administration been relatively successful? Unsuccessful? What do you think the administration should be doing?

29. In The Transatlantic Data War, Henry Farrell and Abraham Farrell examine the European Court of Justice striking down the Safe Harbor Agreement. What is this agreement and how did it come about? Why are U.S. companies having a hard time with the court's decision? What are the implications of the decision for the U.S. Government? Do you feel the decision was wise? Why or why not?

30. The U.S. Export-Import Bank has been in the news of late with many in congress wanting to shut the organization down? Following Fred Hochberg, Protecting America's Comparative Advantage: Why the Export-Import Bank Matters, what are the reasons for the behind the shut-down? What are the advantages of the Bank? Do you feel it should be shut-down? Why or why not?

31. For years we have been told that someday all workers will be replaced by machines. Yet it never seems to happen. Following Drik Brynjolfsson and Andrew McAfee do you think the new wave of technology will finally make humans go the way of horses? Why or why not?

32. In advanced capitalist countries income distribution is becoming more and more of an issue. Following Ronal Inglehard, Inequality and Modernization, what have been some of the historical patterns of income distribution and the factors responsible. What are some of the possible consequences and outcomes of the recent pattern of increased inequality in the advanced countries?

33. Martin Wolf "Same as it Ever Was: Techno: Optimists" speculates about technology and the future. What possible futures and associated problems does he see? Do you feel he is overly optimistic or pessimistic? Why or Why not?

34. The Pacific Alliance is one of the new regional trade groups. Who are the key countries and what progress have they made to date? How does the Alliance differ from Mercosur? How do you see its prospects?

35. In Not-So-Smart Sanctions Emma Ashford is critical of the sanctions imposed on Russia after that country seized the Crimea from Ukraine. What are her main arguments against the sanctions? What would she have done instead? Do you agree with her assessment? Why or why not?

36. For years the U.S. had a ban on exporting crude oil. Margo Thorning and William Shughart make the case on why the band should be lifted. What are their main arguments in this regard? Do you agree with their assessment? Why or why not?

37. The gap between the rich and the poor has been a concern in the WTO for some time. Amrita Narlikar in "Power of the Powerless: The Politics of Poverty at the Doha Round" argues one way to understand the stalemates that have characterized the Doha negotiations is to examine the power of the poor. What are his main lines of argument? How have the rich countries responded? Do you find his arguments compelling? Why or why not?

38. Global trade is becoming increasingly fragmented with vertical disintegration taking place at an accelerating rate. In their Slicing Up Global Value Chains" Timmer et.a., identify four main trends associated with this phenomenon. What are these trends and their major consequences?

39. Developments in U.S. manufacturing have been a major concern for policy-makers since the 1970s. Following Baily and Bosworth, "U.S. Manufacturing: Understanding Its Past and Its Potential Future". What are some of the main patterns identified in their examination of the sector's past trends? How do they see these trends affecting the outlook for U.S. manufacturing and the economy as a whole?

40. The U.S. government's bailing out of GM and Chrysler during the 2008-09 recession has received praise and criticism. Following Goolsbee and Krueger, what were the considerations that led to the bailouts? From their analysis what lessons can we draw from this event?

41. The United States trades a considerable amount with developing countries with comparative advantages in natural resources, yet many of these countries do not appear to benefit much from their natural wealth or trade. Following Anthony Venables what are some of the characteristics shared by this group of countries? What are some of the factors impeding development and growth in these countries? What might these countries do to improve their prospects?

42. Oil prices have been volatile for years, with few experts able to make accurate forecasts of their movements. Instead a number of oil price shocks have hit the economy rather unexpectedly. Following Baumeister and Kilian, "Forty Years of Oil Price Fluctuations: Why the Price of Oil May Still Surprise Us" how are oil price shocks

measured? What have been some of the largest oil price shocks? How do these shocks vary by across different groups?

43. Currently fossil fuels have become a major concern because of their environmental impact and associated costs. Given these problems, Covert, Greenstone and Knittel ask "Will We Ever Stop Using Fossil Fuels? What are some of the considerations they consider in attempting to answer this question? Do you find their arguments compelling? Why or why not?

44. Richard Baldwin surveys the GATT/WTO in "The World Trade Organization and the Future of Multilateralism". Following his assessment what are the principles underlying the GATT? What were GATT's major accomplishments? What problems has the WTO encountered? What changes in the global system appear to have compounded the WTO's problems? What do they see as the future of multilateralism?

#### Microeconomic Applications

45. Robert McNally and Michael Levi (Crude Punishment) trace the development of oil markets and prices over the last several decades. What are some of the major patterns that they identify? What factors do they identify as responsible for the increase in price volatility? Their suggestions for policy? Do you find their assessment useful? Why or why not?

46. Donald Leal (Saving Fisheries with Free Markets) provides an interesting example of the "tragedy of the commons." What is the tragedy of the commons and how does it affect Fisheries? How has the US attempted to avoid this tragedy through fisheries regulation? What have been some of the problems associated with this traditional regulatory approach? What are the advantages of a more market based quota system? Do you think the US should adopt this alternative? Why or why not?

47. Recently rice markets have exhibited considerably marked volatility (Milan Brahmbhatt, The Run on Rice). What are some of the main explanations for these recent patterns of rice prices, especially their rapid rise? How might governments help in providing more stability to these markets?

#### Trade Theory Applications

48. Based on the chapter, Trade Model Extensions and Applications, what are the main theories used to explain trade patterns? Are these distinct and unique theories or are they variants on the same basic theory? Explain?

49. Claudia Goldin and Lawrence Katz (The Future of Inequality) are concerned with the growing gap between the wages of educated and less educated workers (especially since the early 1980s). Following their analysis, what factors appear to have contributed to long run trends in the income distribution in the United States? What are their concerns about future trends? Their policy suggestions? Do you find their arguments compelling? Why or why not?

50. For many years the United States dominated the world-wide market for weapons. Caverley and Kapstein (Arms Away) claim that over time we have squandered this position. What are some of the factors that lead to the U.S. fall in market share? What

are some of the broader consequences of this decline? What might the U.S do to regain some of its lost position? To you agree with their basic assessment? Why or why not?

51. U.S. manufacturing is showing new signs of life. Following the CRS Report, Job Creation in the Manufacturing Revival, what are some of the recent changes in the manufacturing sector and world economy that are responsible for this new air of optimism? What factors are likely to affect future job creation in this sector?\_From the CRS report do you feel manufacturing will be a major source of future employment? Why or why not?

52. For years there has been concern that U.S. manufacturing is being "Hollowed Out." A recent CRS Report, (Hollowing Out in U.S. Manufacturing: Analysis and Issues for Congress) examines this issue in detail. Following that report, what are some of the main difficulties in identifying relevant trends in the sector? What are the main finding of the Report? What are some of the policy implications that can be derived from the Report's findings?

53. Michael Porter (Enhancing the Microeconomic Foundations of Prosperity: The Current Competiveness Index) has spent a great deal of time developing his current competitiveness index. Briefly outline factors this index represents. Following Porter what appear to be the components of the microeconomic business environment? The Keys for successful national economic development?

54. Jeffrey Sachs (Globalization and Patterns of Development) notes that one of the most important challenges facing economics is to understand why globalization seems to help some places much more than others. One approach is to look at sub-groupings of countries, based on a set of common elements. According to Sachs what are the main patterns (sub-groupings) of development and how is each related to the underlying geography, economic policies and resource endowments of a country? The policy implications for each group?

55. Xavier Sala-I-Martin and associates examine the major building blocks of competitiveness (pillars) what are these blocks? Which pillars are more effective at the major stages of development?

56. Richard Levin (Top of the Class) examines the attempts of Asian countries to improve their educational and research systems. What factors underlie this strategy? Briefly outline the broad efforts made to date and goals for the future. Do you feel these efforts represent a threat to the West? Why or why not?

57. Jessie Romero (What We Don't Know About Innovation) notes that innovation is important, but do we know how to make it happen. What are some of the main conceptual problems he finds in addressing this issue? What are some of his main conclusions concerning fostering innovation?

#### Protectionism

58. Despite non-stop carping by economists over the folly of imposing tariffs, the U.S. and other countries still resort to them. Following Hufbauer and Lowry (US Tire Tariffs:

Saving Few Jobs at High Cost) summarize the factors that led to the imposition of tariffs on Chinese tires. What were the effects and costs of the tariff? The approximate cost of saving a job in the industry? What other actions might the U.S. have considered in this situation?

59. Daniel Drezner (The Outsourcing Bogeyman) examines the current public discussion over outsourcing. What is outsourcing? The main alternatives to outsourcing? Do you agree with Drezner's general conclusions regarding outsourcing? Why or why not? What do you feel would be the best policy for the United States to follow at this time with regard to outsourcing? Why?

60. Alan Blinder (Offshoring: the Next Industrial Revolution) examines a number of long run structural changes that have taken place in the U.S. economy. What are these? What are his main concerns for the future as the U.S. moves into the next phase of our economic evolution? What are the policy implications?

61. Nobel winner Michael Spence is concerned with some recent developments in the world economy (The Impact of Globalization on Income and Employment: The Downside of Integrating Markets) sees some dire trends in the U.S. economy stemming from recent shifts in globalization. What are these developments and the implications for policy that he draws? Do you find his arguments compelling? Why or why not?

62. Moran and Oldenski (The U.S. Manufacturing Base: Four Signs of Strength) note that the assumptions concerning the state of the U.S. manufacturing sector made by many politicians are at odds with the actual state of affairs in that sector. How do Moran and Oldeski see the state of the U.S. manufacturing sector and what implications for policy do they draw from this? How do these differ from that of the politicians? Do you find their arguments compelling? Why or why not?

63. Spence and colleagues (New World Order: Labor Capital, and Ideas in the Power Law Economy) identify several key trends in the global economy. What are the most significant developments in this regard and their implications for income distributions? What policy implications do they draw from their analysis? Do you find their arguments compelling? Why or why not?

64. Politicians in the U.S. often paint exports as good and imports as bad. However, Greg Rushford (It's the Imports, Stupid) takes exception and argues that this notion is basically fallacious. Why do politicians favor this view of trade? What are his basic arguments in favor of a balanced view concerning imports? Do you agree with his position? Why or why not?

65. A recent IMF paper (Trade Interconnectedness: The World With Global Value Chains) describes global value chains (GVCs) and draws some implications concerning their development. What are GVCs? Their effect on global trade patterns? Their impact on national policymaking?

66. The Fraser Institute (Economic Freedom of the World in 2010) go to great lengths to document world-wide patterns of economic freedom. Following their analysis, what

are the main element elements that comprise economic freedom. Do you feel the concept of economic freedom is useful? Why or why not?

67. Neil Gershenfeld (How to Make Almost Anything) feels a new digital revolution in fabrication will bring on significant changes. Briefly, what does this new technology offer? What are some of the possible ramifications of its wide-spread adoption?

68. Robert Looney (Problems in Using Trade to Counter Terrorism: The Case of Pakistan) notes that from the theoretical perspective of comparative advantage Pakistan could benefit from free trade with the US – increased employment and incomes for workers who might otherwise be alienated and susceptible to terrorist arguments. Yet when one looks at the situation in both countries, the reality is not that simple. What are the problems involved in moving to free trade at this time? What lessons does the incident provide?

69. What are some of the main types of subsidies (Robert Looney, Subsidies)? Discuss the main economic arguments for using them? Summarize the problems often encountered in applying subsidies in real world situations.

#### WTO/US Trade Policy

70. Write a brief essay (3 WTO papers – in brief, benefits, misunderstandings) on the WTO including a discussion of its origins, main functions, together with the main benefits provided by that organization? What are some of the major misunderstandings surrounding that organization and the WTO's counter arguments to each?

71. The WTO meeting in Cancun, Mexico ended in a failure to arrive at an agreement, even though the world economy might have gained anywhere between \$290 to \$520 billion from a new trade pact (Robert Looney, The Cancun Conundrum). What were some of the main issues at the meeting? The factors responsible for the meeting's failure? What do you feel has to be done to eventually arrive at a new WTO trade pact? Why?

72. Considerable frustration has developed over the long delay in completing the WTO's Doha trade round. Numerous suggestions have been made concerning action that might be taken by the United States regarding Doha. Following Jeffrey Schott (What Should the United States Do About Doha?) what are the main courses of action the U.S. might consider? What is the rationale of each? Which alternative and supporting actions do you feel would be best for the United States? Why?

73. The WTO's Doha Round has drug on and on for years. Following Greg Rushford (Murder on the Doha Express) what are some of the major issues impeding the successful conclusion of this round? Which countries seem to be presenting the greatest opposition to finishing the round? Explain.

74. The five recent Oxford Analytica papers summarize some of the key issues currently surrounding the WTO. What are some of these issues and the difficulties they pose for the WTO and member countries?

### Economic Security

75. In the first part of his paper Moran (The Globalization of America's Defense Industries) sees globalization as both a threat and an opportunity for United States' national security. What are some of the considerations that underlie his proposals to manage the threat of foreign dependence? Do you feel he has made a good case/ Why or why not?

76. In the second part of his paper, Moran examines the role of the US government in funding research and development. What are his recommendations in this area and the rationale for them? Other issues that he feels need to be resolved to strengthen the US Industrial base?. Do you find his recommendations sound? Why or why not?

77. Moises Naim (The Five Wars of Globalization) identifies five areas of trade that are increasingly a problem. What are these areas and the challenges faced in controlling these markets? Do you agree with his assessment? Why or why not?

78. Moises Naim (Mafia States: Organized Crime Takes Office) paints a dark picture of expanding criminal activity and sophistication. What are some of the recent developments in this area that are of main concern? What are some problems in combating the problems posed by the spread of organized criminal activity? Do you find his arguments compelling? Why or why not?

79. Daniel Yergin attempts to outline a program for US energy security. What are his main recommendations? The considerations underlying his suggested program? Do you agree with his approach? Why or why not?

80. Michael Ross (Blood Barrels) feels that often oil is a curse rather than a blessing for many developing countries. What problems do oil-based economies often encounter? What policies might these countries consider to prevent oil from becoming such a detriment to their development?

81. In Feeding the Dragon, Theodore Moran examines China's natural resource policies. What are some of these resource-based policies? Based on his findings how do you see these policies affecting the available supply of the world's resources? Are there some resources that might be of concern to the United States?

82. In Gas Boom Michael Levi discusses the positives and negatives of the new U.S. shale gas boom. What are some of these effects? If you were a policy maker and had a free hand, what would be your approach towards this new industry? Why?

83. Stephen Carmel, (Globalization, Security, and Economic Well-Being) identifies a number of myths associated with present and past globalizations. Following his assessment, what are some of the basic misunderstandings of globalization that have plagued policy makers?

84. Miles Kahler (*The Rise of Emerging Asia: Regional Peace and Global Security*) examines the implications of the rapid economic emergence of many key Asian countries. What are some of the potential risks associated with this phenomenon? The conditions in the international system that help protect against future conflict? The changes in the system he feels necessary for continued global peace and security? Do you find his arguments compelling? Why or why not?

85. Theodore Moran (*Dealing with Cybersecurity threats Posed by Globalized Information Technology Suppliers*) outlines a number of potential threats associated with globalized information technology suppliers. What are these and what measures does he propose to reduce their risk to U.S. security?

86. Robert Looney (*Recent Developments on the Rare Earth Front*) examines some recent developments in the rare earth markets. Regarding rare earths, what are some of the main areas of concern? Does China appear to have captured a monopoly in these products? What factors might lead one to conclude that Chinese policy in the area is a new form of mercantilism?

87. For years the United States has been losing manufacturing capacity to other countries, especially to East Asia and China in particular. New evidence presented by the Boston Consulting Group (*Made in America, Again*) suggests that this pattern may be slowing and even reversing. Briefly summarize the evidence suggesting a manufacturing resurgence in the United States – i.e. what factors appear to be moving in a direction favoring the U.S. as a location for manufacturing activity. Do you see the government playing a role in enhancing this process?

88. Derek Scissors (*Free Markets and National Defense: U.S. Import Dependence on China*) proposes a scheme to identify possible U.S. dependence on foreign supplies that threatens U.S. national security. What are the main components of his plan? What appear to be some of the main problems involved in implementing his suggestions? Do you feel his ideas are an improvement over previous attempts in this area? Why or why not?

89. Tom Donilon (*Energy and American Power: Farewell to Declinism*) develops a framework for U.S. energy security. What are some of the main considerations underlying his approach? Do you agree with his assessment? Why or why not?

90. Theodore Moran (*Avoiding the Resource Curse in Mongolia*) notes that Mongolia can be viewed as a test case on how massive investments in the extractive sector might enhance a country's economic growth. However many countries have experienced a resource curse from mineral development. Following Moran what has been Mongolia's experience with the development of natural resources? What suggestions does he make for the country's future policies?

91. Sundaram and Richardson (*Peers and Tiers and US High-Tech Export Controls*) examine U.S. trade in high-tech exports and the effectiveness of export controls. What are their main findings concerning the pattern of U.S. high tech exports? What policy

implications do they draw from their findings? Do you find their analysis compelling? Why or why not?

92. Hal Weitzman (Resource Nationalism: Beyond Ideology) examines the policies of leftist governments in Latin America toward resources. Following his analysis, what are some of the common perceptions of the policies of leftist governments in the region? What policy patterns does he actually find being played-out? What are the main implications he draws for U.S. policy toward the region?

### Economic Integration

93. Judging the extent to which NAFTA is a success is difficult. Weintraub (Scoring Free Trade a Critique of the Critics) comes up with an overall positive assessment of NAFTA's accomplishments. In this regard, what are some of the conceptual difficulties noted by him? What evidence does he present to support his argument that NAFTA has produced positive results? Do you agree with his assessment? Why or why not?

94. Castaneda (NAFTA at 10: A Plus or a Minus?) notes that NAFTA has not been the win-win situation some of its supporters said it would be. Nor has it been the catastrophe its critics predicted). What evidence does he present to back up this conclusion? Do you feel he made his case? Why or why not?

95. Gary Hufbauer and Jeffrey Schott (NAFTA's Bad Rap) confront NAFTA's critics with a strong defense of that trading group's accomplishments. What are their main arguments against the usual criticisms directed toward NAFTA? Do you feel they make a compelling case? Why or why not?

96. Traditionally most economists felt the gains from regional integration were not particularly significant. However recent research summarized in Uwe Deichmann and Indermit Gill (The Economic Geography of Regional Integration) makes a case why this approach may be very beneficial for some countries. What is their basic argument? What type of countries appear to benefit the most from this type of integration? Why?

97. Following Petri and Plummer (The TransPacific Partnership and Asia-Pacific Integration), what are some of the main advantages to the U.S. of moving ahead with integration such as the TransPacific Partnership (TPP)? The major obstacles? How do they see integration proceeding in the Pacific?

98. The United States along with a number of Asian countries are currently negotiating a new trade treaty the Trans Pacific Partnership (TPP). Following Lydia Depillis (How the TPP Could Reshape the Global Economy) what are some of the key issues surrounding the TPP. In what way does it differ from previous regional trade arrangements? Do you feel it would be in the U.S. interest to move ahead and try to bring the arrangement to completion? Why or why not?

99. Bernard Gordon (Trading up in Asia: Why the U.S. Needs the TransPacific Partnership) concludes that the U.S. has an interest in proceeding the the TransPacific Partnership (TPP). What advantages does he see for the U.S. in this agreement? What

are some of the major obstacles to moving-ahead with an agreement? Do you feel this agreement is in the best U.S. interest? Why or why not?

100. Following Jeffrey Schott, (Why the Korean-United States Free Trade Agreement is a Big Deal) what were some of the difficulties involved in coming to the FTA between the United States and Korea? The advantages of the agreement for both countries?

101. Trade patterns appear to be changing rapidly in Northeast Asia. Following PARK Bun-Soon (Northeast Asia's Economic Integration into China) trace some of the major trading patterns and there over the last several decades. How are these shifting as a result of the emergence of China? How do you see trade in the region evolving into the future?

102. China and North Korea appear to be going through a stage of informal economic integration (Stephen Haggard, Jennifer Lee, and Marcus Noland, Integration in the Absence of Institutions: China-North Korea Cross-Border Exchange). How has this trade developed in the absence of supporting formal institutions? Who are the main participants and how do they cope with the situation? How might future trade be self-limiting and what could be done to strengthen commerce of this type between the two countries?

#### Economic Sanctions

103. Richard Haass (Sanctioning Madness) feels our policy toward economic sanctions needs to be reevaluated? Why? Do you agree with his main arguments? Why or why not?

104. The effectiveness of sanctions has been debated in the literature for some time, with many economists feeling the conventional approach has little effect on target countries. Chaitkin (Negotiation and Strategy: Understanding Sanctions Effectiveness) approaches the issue from a new perspective. What are the main elements of his approach? Conditions that might improve the chance of a sanction being successful?

105. Nimah Mazaheri (Iraq and the Domestic Political Effects of Economic Sanctions), examines the effect of economic sanctions on Saddam Husayn's regime in the 1990s. What are his main findings concerning the impact of sanctions? The lessons he draws from this experience?

106. Eskandar Sadeghi-Borouerd, (Sanctioning Iran: Implications and Consequences) provides a comprehensive overview and assessment of Western sanctions on Iran. Following his approach, what is the logic behind the sanctions? Their impact on the Iranian economy? The domestic political dynamics? Based on his assessment would you recommend any changes in the sanctions? Why and what sort of? Or, and for what reason?

#### Developing Countries

107. Constantine Michalopoulos (Trends in Developing Country Trade, 1980-2010) identifies a number of historical trade patterns. What are these patterns and what conclusions does he draw from their occurrence?

108. Messick and Reuter (Stanching the Flow) are concerned with the increase in illicit financial flows from developing countries. Following their assessment, how do many of these transfers take place? What might be done to stem the flow?

## **Regional Papers**

### Latin America

109. The Venezuelan economy is going through a dramatic change (Robert Looney, Chavistanomics). What are some of the main policies/programs introduced by Hugo Chavez? Some of the main economic developments under Chavez? What challenges do you see facing the country?

110. Mexico is going through a very difficult period (Robert Looney, Mexico on the Ropes). What are some of the problems currently confronting the country and their underlying factors? Possible solutions?

111. Robert Bonner (The New Cocaine Cowboys) sees the drug cartels as a major threat to both Mexico and the United States. Following Bonner trace the history of Drug cartels in Mexico. Why has the drug-cartel problem worsened over time? What was the Calderon approach to combating the cartels? What can the country learn from Colombian experience in combating drug cartels?

112. The CRS (U.S.-Latin American Trade: Recent Trends and Policy Issues) notes that trade is one of the more enduring issues in contemporary U.S.-Latin American relations. Briefly sketch the main trends in U.S.-Latin American Trade. What are the major U.S.-Latin American trade agreements patterns of U.S.? What are some of the key issues that will define the future trade relationship between the U.S. and Latin American countries?

113. The Inter-American Bank (The Age of Productivity: Transforming Economies from the Bottom Up) note that the economies of Latin America and the Caribbean suffer from a chronic low-growth disease caused by low productivity. What are some of the main patterns of productivity in Latin America? The main causes of low productivity in the region? What policies appear most effective in fostering increased productivity?

114. NAFTA has proved to be a controversial trade agreement in Mexico as well as the United States. Following the CRS (NAFTA and the Mexican Economy), what are some of the problems involved in trying to assess NAFTA's impact on the Mexican economy? What are some of the main benefits derived by Mexico from the agreement? The downside of the agreement for Mexico? Looking at the big picture do you feel Mexico was wise in joining NAFTA? Why or why not?

115. Why do Eduardo Zepeda et al., (Rethinking Trade Policy for Development: Lessons from Mexico under NAFTA) feel that Mexico's reforms backed by NAFTA have largely been a disappointment for Mexico? What might have been done to assure more benefits to Mexico from the agreement?

116. The proposed U.S.-Colombia Free Trade Agreement (CRS, The Proposed U.S.-Colombia Free Trade agreement: Economic and Political Implications) has encountered a difficult time receiving approval in Congress. What are the basic provisions of the proposed FTA? The reasons for Congressional opposition. Do you feel the agreement should be signed? Why or why not?

#### Asia/Pacific

117. The Japanese economy has suffered from low rates of growth since the early 1990s. Following Robert Dekle (The Japanese Economy) what factors seem to account for the economy's poor performance? What are some of the ways the economy might be revitalized? The obstacles involved?

118. Haggard, Lee and Noland – China/North Korea see question 95

119. Andrew Kennedy (China's New Energy-Security Debate) notes that over the past ten years, China's soaring demand for energy has complicated its foreign relations on many fronts. What are China's main energy security concerns? The implications for the United States?

120. T. Moran, Feeding the Dragon, see question 75.

121. North Korea has done a number of puzzling things lately (Robert Looney, North Korea's End Game). Outline some of the country's recent economic developments. What have been their main efforts at economic reform? What are some possible scenarios for the future?

122. Nathaniel Aherns (Innovation and the Visible Hand: China, Indigenous Innovation and the Role of Government Procurement) notes that indigenous innovation has become the greatest immediate source of economic friction between the United States and China. What are the main sources of this conflict? What do you feel should be the role of government procurement with regard to innovation?

123. As the CRS notes (The Trans-Pacific Partnership Agreement), the economic and strategic architectures of Asia are evolving. One part of this evolving architecture is the Trans-Pacific Partnership Agreement (TPP). Briefly outline the nature of the TPP. What other architectures are in the region? Do you feel it would be in the U.S. interest to join the TPP? Why or why not?

#### Middle East

124. Contrary to predictions by analysts, the smaller Arab monarchies of Morocco, Jordan and Oman were able to survive the Arab Spring regime changes. Following Robert Looney (How Oman, Jordan and Morocco Survived the Arab Spring), what factors and policies seem to have assisted them in this regard. Are there any lessons here for other countries in the region or do these seem to be special cases?

125. In Iran's Oil as a Blessing and a Curse, Jahangir Amuzegar argues that natural energy wealth is not always an unmitigated bliss, and that there are costly downsides to such envied endowments. Using the case of Iran, what are the main blessings and curses associated with oil? Do you feel Iran would have been better off without oil? Why or why not?

126. Iran has been under economic sanctions of one type or another for decades. Following Michael Jacobson (Sanctions Against Iran: A Promising Struggle) Write a brief essay summarizing these sanctions – their nature and successes along with weaknesses. Is there any reason for optimism concerning the use of sanctions to discourage Iran from pursuing its nuclear ambitions?

127. Historically, the Middle East has not been very integrated into the world economy (Robert Looney, Why has the Middle East been so Slow to Globalize?). What are some of the basic patterns of globalization in the MENA region? What are some of the causes of this relative isolation from world markets? How might the MENA countries speed up the process of integrating into the world economy?

128. The use of Free Trade Areas and to assist in the war on terrorism makes intuitive sense (Robert Looney, U.S. Middle East Policy: The Use of Free Trade Areas in the War on Terrorism). Summarize the arguments why FTA's can assist in combating terrorism? What are some of the limitations to this approach?

### Africa

129. Kym Anderson asks "How Can trade Improve Food Security in Sub-Saharan Africa?" What are some of the trade related causes of food insecurity in agriculture? What must governments do to improve the situation?

130. Following the CRS (African Growth and Opportunity Act), outline the main features of AGOA. How has the Act affected U.S. African trade? What modifications might make it more effective?

131. The Brookings Institution has made a major assessment of the African Growth and Opportunity Act (An Empirical Analysis of the Possibilities Post-2015). What are some of the main findings of this assessment? Some of the key scenarios they develop? Their main policy recommendations? COUNTS FOR TWO QUESTIONS

132. Peter Chalk (Piracy Off the Horn of Africa: Scope, Dimensions, Causes and Responses) examines Piracy off the Somali Coast. What does he see as the root causes of the problem? The best strategy in combating piracy? Do you agree with his assessment? Why or why not?

133. According to Ngozi Okonjo-Iweala (Nigeria's Shot at Redemption), Nigeria squandered its oil windfall of the 1970s. What mistakes did the country make at that time? What were the main lessons learned from this experience and how can they be the basis of a new approach to oil revenue management?

134. The EIU (Africa: Open for Business) identifies a number of opportunities and risks involved in doing business in Africa. Write a brief essay outlining these factors? Based on this report are you optimistic about Africa's future? Why or why not?

135. G. Passcal Zachary (Haves and Have Nots African Style) is concerned with inequality in Africa. How is inequality measured? What are some of the factors leading to inequality throughout the region? What can be done to reduce the gap between the rich and poor in Africa?

### Eurasia

136. Many Americans are unfamiliar with many of the operations of the European Union. Following the CRS (The European Union: Questions and Answers) what are some of the more important aspects of the EU?

137. One of the major areas of US trade negotiations involves the Transpacific Trade and Investment Partnership (TTIP). Following the CRS report on the subject, what are differing views on the TTIP? The key issues under discussion? The main considerations for Congress?

138. The EU and US have several economic ties. Following the CRS Report (EU-US Economic Ties: Framework, Scope, and Magnitude), what is the framework of US-EU Economic Ties? The nature of US-EU trade? Patterns of Investment?

130. Russia's export of energy to Europe has been an area of increasing concern (CSIS, Lack of Transparency in Russian Energy Trade: Risks to Europe). Briefly outline the major risks and uncertainties faced by Europe. What can the EU do that would help improve energy security?

140. Samuel Charp (Principled Integration: A U.S. Policy Response to the Economic Challenge Posed by Russia) notes that economic ties are typically a low priority in formulating U.S. policy toward Russia. What are the reasons for this situation and their implications? What is the concept of principled integration developed by Charp and do you feel it represents a good basis for U.S.-Russian policy? Why or why not?

141. The Russian economy (Robert Looney, Russia's Economic Prospects) seemed to be doing well until it was hard hit by the global financial crisis and ensuing world-wide recession. How would you characterize Putin's approach towards the economy? What factors appear to have resulted in the severity of the Russian economic crisis of 2009-10? What were some of the effects of the crisis? What changes appear necessary if the country is to resume sustained growth?

142. Richard Rosecrance (Bigger is Better) feels like the day of the smaller "trading states" (Hong Kong, Singapore etc.) is over and that larger states will have a distinct economic advantage in the future. What factors underlie this conclusion? The implications for the United States. Do you find his argument compelling? Why or why not?