

Trade, Environment and Sustainable Development

Spring 2006

Monday 6-10 pm
Sem II E2107

Peter Dorman
Lab I 3015
867-6899
dormanp@gmail.com

Syllabus

This is the era of global ecological change, as we face challenges like global warming, threats to biodiversity and resource depletion. It is also an era of unprecedented economic integration, highlighted by the emergence of global economic institutions—the World Bank and IMF, the WTO, a mosaic of international trade agreements and the spread of multinational corporations. TESD is about the intersection of these two movements, where economic and ecological globalization meet. It is an unsettled, poorly demarcated terrain transected by financial and trading systems, national and international governance and biogeochemical processes that ignore national borders. The truth of this era, whatever it may turn out to be, lies somewhere between all these phenomena and not in any or even all of them considered individually.

It is of course impossible to do justice to this network of topics in just ten weeks of single four-hour class meetings; so all we can do is identify the main landmarks. We have even less time than this, since we have to allow for an initial review of economic theory, and we also lose one class period to a holiday (Memorial Day). The week by week reading list represents a difficult process of pruning.

The quarter can be divided into three parts. The first two weeks will be given to review. Please note that the readings are intended to bring back the memories of students who have taken environmental and trade economics classes in the past; those who have no such background may find it necessary to read more than this. There are many textbooks in these fields, and they tend to be similar to one another in coverage and approach.

The next four weeks will delve more deeply into relevant matters of theory. Week 3 will take up disputes over international trade theory; it will be accompanied by the game “Rice and Beans”, which develops a Keynesian alternative to the theory of comparative advantage. Week 4 gets to the heart of the controversy over trade and the environment. We will look at two related questions: are environmental standards likely to suffer as trade is liberalized (race to the bottom), and is economic growth the answer to environmental destruction in the developing world (Environmental Kuznets Curve)? On Week 5 we will focus on the World Trade Organization, particularly in the context of climate change and disputes over genetically modified organisms. Week 6 takes us to issues of international political economy; that is, the political factors that influence negotiations between governments, particularly as they affect international environmental agreements.

Over the final three weeks we will look more closely into particular cases, such as the failure of the Kyoto process and the environmental impacts of the North American Free Trade Agreement. I have reserved the final class period for student presentations of their own case studies. Since we have so little time this quarter and there are so many issues that deserve consideration, we will have to depend on each others' research skills to round out the program.

Student work will consist of the following:

- regular attendance at all class meetings (please inform in advance if you know you will be absent)
- participation in all workshops and activities
- completing all required readings before the beginning of the class period for which they are listed
- writing a brief (maximum two page) seminar paper for weeks 3-8
- researching and writing, as part of a three-person team, a detailed case study concerning a particular environmental issue, and presenting this case study orally in week 10

Note that the seminar papers are important in establishing your engagement with and understanding of the material. They should not reiterate concepts from the readings; rather they should comment on or apply them. Papers should pertain to the central ideas in the texts; your ability to distinguish between what is central and peripheral provides important evidence of the effectiveness of your reading.

Week by Week

April

3 **Review of environmental economics**
Goodstein, chapters 3, 4, 16

10 **Review of international trade theory**
Sawyer and Sprinkle, chapters 2, 3, 5

17 **Critique of trade theory**
"What Should Trade Negotiators Negotiate About?", Paul Krugman
"Regulatory Standards in the WTO: Comparing Intellectual Property Rights with Competition Policy, Environmental Protection, and Core Labor Standards", Keith E. Maskus
"Trade and the Environment: From a 'Southern' Perspective", Roldan Muradian and Joan Martinez-Alier

24 **Race to the bottom? Environmental Kuznets Curve?**
"On Thinking Clearly about the Linkage Between Trade and the Environment", Jagdish Bhagwati
"The Rise and Fall of the Environmental Kuznets Curve", David Stern
"Trade, Growth, and the Environment", Brian Copeland and M. Scott Taylor
"Bridging the Trade-Environment Divide", Daniel Esty

May

1 **WTO and dispute resolution**
"Climate Change, Regulatory Policy and the WTO: How Constraining Are Trade Rules?", Andrew Green
"Kyoto and Geneva: Linkage of the Climate Change Regime and the Trade Regime", Jeffrey Frankel
"The GMO Dispute before the WTO: Legal Implications for the Trade and Environment Debate", Francesco Sindico

8 **Political economy of international environmental negotiation**
Global Environmental Politics, Third Edition, Gareth Porter, Janet Welsh Brown and Pamela S. Chasek
"Dirty Deals: Cases of Corporate Influence over Global Environmental Negotiations", Friends of the Earth International

15 **Kyoto**
The Collapse of the Kyoto Protocol and the Struggle to Slow Global Warming, David G. Victor

22 **NAFTA**
Free Trade and the Environment: Mexico, NAFTA and Beyond, Kevin Gallagher

June

5 **Case studies**