

Finance, Trade, and Business for Sustainable Development: International Trade and Agenda 2030

Master in International Development MID SEP-2024 S-1

Area International Relations

Number of sessions: 12

Term: Term 3

Category: elective

Language: English

Professor: **ENRIQUE FEAS COSTILLA**

E-mail: efeas@faculty.ie.edu

Enrique Feás is Senior Research Fellow at Elcano Royal Institute, Adjunct Professor at IE, independent board member of the Instituto de Crédito Oficial (ICO) and independent consultant. He is also member of the Advisory Board of the Asian Development Bank Institute (ADBI). He holds a PhD in Economics and he is a Spanish State Economist and Trade Expert (Técnico Comercial y Economista del Estado), currently on leave of absence. He has previously worked as Economic and Commercial Counsellor at the Spanish Embassies in Egypt and in the Philippines, Deputy Director for Trade Policy with Mediterranean Countries, Africa and the Middle East, and Advisor for International Affairs to the Vice-President and Minister of Economy. He is founder and co-editor of [Blog NewDeal](#), a blog for dissemination on economics and economic policy in the Spanish-speaking world. He is also a frequent contributor to the Spanish and international media.

Office Hours

Office hours will be on request. Please contact at:

efeas@faculty.ie.edu

SUBJECT DESCRIPTION

We live in the most economically interconnected era of world history. Products from previously isolated economies are now exported worldwide, a greater number of firms must face greater levels of international competition, and capital freely flows in massive quantities across borders. At the same time, in recent years, there have been some political developments leading to protectionism, deglobalization and the undermining of international economic cooperation. Finally, the COVID-19 pandemic, the invasion of Ukraine and the war in Gaza have led to major changes in the global political economy. At the same time, the trade-off between fighting climate change and keeping reasonable energy prices is becoming harder.

At this point, we have more questions than answers. Is this globalizing trend reversible? Who are the winners? And the losers? What are its implications for international politics, and for domestic political systems? How will the wars in Ukraine and Gaza affect international trade, investment and global governance? Do we need “green tariffs” to fight climate change? Are they feasible and compatible with the world trade system? Are globalization and economic growth compatible with environmental sustainability?

LEARNING OBJECTIVES

To answer these questions, this course will combine analytical and methodological insights from political science and economics. The objective of the course is to make students address the complexity of decisions related to globalization, international trade and sustainable development using solid arguments and tools. After some theoretical classes, the course will deal with current debates of international political economy.

TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor’s main role is to lead and guide students to achieve the learning objectives of the course.

Some sessions will take the form of lectures by the professor to introduce the main theoretical concepts. PowerPoints will be used to support the lectures, and will be previously uploaded to the virtual campus. Students are expected to have read the required materials beforehand, so lectures can be interactive. Students are expected to actively participate during the sessions, as class discussions will be very frequent.

Some other sessions (or parts thereof) will be in form of in-class debates or presentations by the students. For that purpose, classes might be divided in groups at the beginning of the semester.

Professor’s main role is to lead and guide students to achieve the learning objectives of the course. A diverse range of teaching techniques and different types of learning activities will be used, such as the following:

| Learning Activity | Weighting |
|---|------------------|
| Lectures | 30.0 % |
| Discussions | 30.0 % |
| Exercises in class, Asynchronous sessions, Field Work | 10.0 % |
| Group work | 15.0 % |
| Individual studying | 15.0 % |
| TOTAL | 100.0 % |

PROGRAM

SESSION 1 (LIVE IN-PERSON)

Introduction

Course rationale, main topics, distribution of seminar questions between the students. Rules of the game for the class debates. Guidelines for the individual op-ed and the final paper.

SESSION 2 (LIVE IN-PERSON)

The evolution of trade globalization

The four technological revolutions (agricultural, industrial, ITC and automation and robotics) and their globalization. Trade, technology, globalization and structural change.

Technical note: European trade policy in a changing international environment. Pages 19-32). 2020, Real Instituto Elcano. (CED)

Article: Globalisation 1.0 and 2.0 helped the G7. Globalisation 3.0 helped India and China instead.

What will Globalisation 4.0 do?. Baldwin, 2019. VOX. (CEPR Policy Portal)

Article: The new order of trade. The Economist, Special report, Oct 9th 2021. (CED)

Technical note: Globalization in transition: The future of trade and value chains. January 2019. McKinsey Global Institute. (CED)

Video: Why will future globalization be so different?. Baldwin, 2018. (YouTube)

SESSION 3 (LIVE IN-PERSON)

The causes of trade. Theoretical explanations and basic concepts

The traditional approach: differences in technology (comparative advantage), differences in resource endowments and other considerations. The modern approach: intra-industry trade, imperfect competition, productivity gains. Trade vs. FDI. Empirical evidence.

Technical note: World Trade Report 2008: Trade in a globalizing world (pages 27-80). 2008. (World Trade Organization)

SESSION 4 (LIVE IN-PERSON)

Trade, growth, development and the debate between free trade and selective protectionism

Theoretical justifications for protectionism: tariffs, infant industry, strategic trade policy. Trade-led growth strategies: Import-substitution vs export-oriented. State-led vs. market-led strategies. The role of manufacturing. Can success stories be repeated?

Book Chapters: The Great Convergence (Chapter 8) (Baldwin, 2016. Harvard University Press) (See Bibliography)

Book Chapters: The Globalization Paradox (Chapter 8) (Rodrik, 2011. Oxford University Press) (See Bibliography)

Video: Does Technology Hinder Development?. Rodrik, 2019. VoxDev. (YouTube)

SESSION 5 (LIVE IN-PERSON)

The evolution and the political economy of the global trading system

The need for a trade regime. The GATT system of 1947 and the principle of non-discrimination. The creation of the WTO. Basic concepts: Trade defense measures. Dumping, safeguards, export subsidies, countervailing measures. Dispute resolution mechanisms

Book Chapters: The Political Economy of the World Trading System (Chapter 1) (See Bibliography)

Book Chapters: Global Political Economy (Chapter 5) (See Bibliography)

Book Chapters: The Evolution of the Trade Regime: Politics, Law, and Economics of the GATT and the WTO (Chapters 2-3) (See Bibliography)

SESSION 6 (LIVE IN-PERSON)

Trade and geopolitics: preferential integration and new global actors. Brexit and trade disintegration

Types of trade and economic integration: FTA, customs unions, common market. The decline of multilateralization and the regionalization of preferential trade agreements. The role of developing countries. New actors: China, India. Brexit and the costs of economic disintegration.

Book Chapters: Global Political Economy (Chapter 6) (See Bibliography)

Book Chapters: What Do Trade Agreements Really Do?. Journal of Economic Perspectives. 2018;23 (2) :73-90.CED

Book Chapters: The Political Economy of the World Trading System (Chapter 10) (See Bibliography)

Technical note: Trade disruptions in the wake of Brexit. Freeman et al., 2022. (Centre Priece)

SESSION 7 (LIVE IN-PERSON)

Trade and political economy. The backlash against globalization. Trade and technological wars

Trade and inequality: winners and losers from international trade. The backlash against globalization and trade and technological wars. Interest groups and multinationals. The need for trade competition on a level playing field: labour and environmental standards.

Book Chapters: The Evolution of the Trade Regime: Politics, Law, and Economics of the GATT and the WTO (Chapter 7) (See Bibliography)

Other / Complementary Documentation: The US-China technology war and its effects on Europe. Elcano Royal Institute. Enrique Feas. 2023.

Technical note: The economic implications of rising protectionism: a euro area and global perspective. Gunnella & Quagliett, 2019. ECB bulletin. (European Central Bank)

Podcast: The Future of the WTO. Bown, 2019. (Vox EU)

SESSION 8 (LIVE IN-PERSON)

Trade and sustainable development

The 2030 Agenda for Sustainable Development and its trade aspects. The WTO and Sustainable Development. EU trade policy and sustainable development. The debate about degrowth.

Other / Complementary Documentation: Transforming our world: the 2030 Agenda for Sustainable Development. United Nations (2023).

Other / Complementary Documentation: WTO's contribution to attaining UN Sustainable Development Goals. WTO (2023).

Other / Complementary Documentation: Comparative Analysis of Trade and Sustainable Development Provisions in Free Trade Agreements. Velut et al. (2022).

SESSION 9 (LIVE IN-PERSON)

Trade and climate change

Trade and climate change: theory and evidence. Multilateral and national efforts. Political Economy, trade and climate change. EU policy and climate change: ETS, Green Deal and Carbon Border Tax. Do we risk a backlash against environmental policies?

Book Chapters: The Political Economy of the World Trading System (613-624) (See Bibliography)

Technical note: Using trade policy to tackle climate change.2019. (European Parliament)

Technical note: Can Border Carbon Taxes Fit into the Global Trade Regime?.Horn & Sapir, 2014, Bruegel Policy Brief. (CED)

Technical note: The European Carbon Border Adjustment Mechanism debate: key policy implications and political challenges as viewed from Spain.2021. (Esade EcPol)

Technical note: The Politics of Trade and Climate Change.Department of Political Science. (University of California)

Multimedia Documentation: EU Emissions Trading System.2014. (EU Commission)

Multimedia Material: The EU Can't Separate Climate Policy From Foreign Policy. How to Make the European Green Deal Succeed.Leonard et al..2021.Foreign Affairs (CED)

SESSION 10 (LIVE IN-PERSON)

The future of globalization and its governance

Has globalization gone too far? The Rodrik Trilemma.

Article: Deconstructing Deglobalization: The Future of Trade is in Intermediate Services (Asian Economic Policy Review)

Article: The World Trade Organization and the Future of Multilateralism.Journal of Economic Perspectives, 30 (1): 95-116). (CED)

Article: How Far Will International Economic Integration Go?.Journal of Economic Perspectives, 14 (1): 177-186. (CED)

Technical note: The new order of trade.The Economist, Special Report, Oct 9th 2021. (CED)

Technical note: Trade conflict in the age of Covid-19.Freemant and Baldwin, 2020. (Vox EU)

Technical note: The peak globalisation myth (Parts 1 to 4).Baldwin, 2022. (VoxEU)

SESSION 11 (LIVE IN-PERSON)

GROUP DISCUSSION

Students will organize in several groups, each representing a country or trade bloc. After a brief presentation of each group, a simulation of a trade negotiation will take place.

SESSION 12 (LIVE IN-PERSON)

FINAL EXAM

EVALUATION CRITERIA

The final grade in the course will be based on both individual and group work, with the following components.

Individual op-ed

Students will have to write an individual op-ed related to the course content. The op-ed is not an academic paper. It should focus on conveying clear messages, easy to understand for a general public, but nonetheless solidly structured and presented. The objective is that the student is capable of addressing a non-specialist audience.

The topic for the op-ed will be decided together with the professor. Some examples are provided below, although additional subjects can be agreed upon.

- Is globalization reversible?
- What is the impact of the rise of emerging powers in global trade governance?
- New protectionism in advanced countries?
- Will the WTO survive?
- How will technology affect global trade?
- How does the war in Ukraine affect global trade and SDGs?
- Is environmental sustainability incompatible with economic growth?
- How can SDG be included in preferential trade agreements?
- Is the EU proposal of a Carbon Border Adjustment Mechanism feasible?
- How will the EU Green Deal affect global trade?
- Comparison of two countries that have followed different trade-related growth strategies
- Is there a backlash against decarbonization policies?

Simulation of international negotiation

At the beginning of the course, students will be distributed in different groups. The number of groups will depend on the size of the class. Each group will represent a specific country or trade bloc (e.g., US, EU, China...) and will prepare a short summary of the offensive and defensive interests of the country, and its position on environmental issues. Group discussions led by the professor will simulate an international negotiation on trade and/or environmental issues. The professor will take into account the ability to summarize and communicate ideas and convey interests in a constructive way.

Final Exam

A final exam will take place at the end of the course, including multiple-choice questions and essay questions.

Class participation

Attendance and participation in discussions is compulsory. Class participation will be assessed taking into account quantity and, above all, quality of interventions.

| criteria | percentage | Learning Objectives | Comments |
|------------------------------|-------------------|----------------------------|--|
| Final Exam | 40 % | | Final Exam |
| Individual Op-ed (700 words) | 30 % | | Op-ed (700 words) |
| Group Discussion | 15 % | | Simulation of an international negotiation |
| Class Participation | 15 % | | Attendance and active participation in class discussions |

FAILING GRADE AND REASSESSMENT

When students receive a Fail in a course, they have the opportunity to present themselves for reassessment in order to earn the necessary credits toward graduation.

The reassessment of students should be scheduled between 5 and 10 working days after the review session takes place.

Grades for the reassessment are limited to a Low Pass and Fail.

Both, the initial Fail as well as the grade of the reassessment remain on the transcript. For the purpose of calculating the GPA however, only the grade of the reassessment is to be considered. Students receiving a failing grade in the reassessment of a course will not be able to continue in the program.

BIBLIOGRAPHY

Compulsory

- Baldwin, R.. (2016). *The Great Convergence: Information Technology and the New Globalization*. Harvard University Press. ISBN 9780674660489 (Printed)
- Ravenhill, J. (ed.). (2020). *Global Political Economy*. 6th Edition. Oxford University Press. ISBN 9780198820642 (Printed)
- Hoekman, B. & M. Kostecki. (2009). *The Political Economy of the World Trading System*. 3rd. Oxford University Press. ISBN 9780199553778 (Printed)
- Barton, John H. et al. (2008). *The Evolution of the Trade Regime: Politics, Law, and Economics of the GATT and the WTO*. Princeton University Press. ISBN 9780691136165 (Printed)

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.