

EEP 131  
Globalization and the Natural Environment  
List of topics and readings  
August 14, 2006

**Key:** The abbreviation before each reading tells you how to find the article/reading. LOL means "link on line" (on the course webpage); EN means "the book by Eric Neumayer"; SB means "the book by Scott Barrett".

Neumayer's book Greening Trade and Investment and Barrett's Environment and Statescraft are available in the Campus bookstore.

**Topic 1: The state of the global environment**

A recent UN publication surveys the state of the global environment and estimates the likely environmental effects of different political and development scenarios.

\*(LOL) The Millennium Ecosystem Assessment, pages 1-40

**Topic 2: Differing views about Globalization**

This material presents some of the arguments for and against globalization in general and liberalized trade in particular.

\*(LOL) Forging a consensus: Kanbur (2001)

\*(LOL) The "Development perspective", pages 5-18:Oxfam (2002)

(LOL) A critical view of globalization: (Susan George):

(LOL) A moderate view of globalization: "Globalization" by Tina Rosenberg, NY Times, August 18, 2002

(LOL) Go to <http://www.globalexchange.org/campaigns/wto/background.html>

and select some of the topics, particularly "Top 10 reasons to oppose the WTO" and "Free trade, the environment and biotech"

(LOL) [http://www.ifg.org/analysis/wto/inv\\_govt.htm](http://www.ifg.org/analysis/wto/inv_govt.htm)

### **Topic 3: Basic information on institutions**

A basic knowledge of the important global institutions/agreements is essential for understanding their role in the globalization-environment debate. What are the stated objectives of these institutions, what is their involvement with environmental issues, and how do they operate?

\* (LOL) UN Environment and Trade— a Handbook (hereafter, simply "Handbook") pages 1 - 11 and pages 21 - 34. United Nations Environmental Programme (1999)

\* (EN) Pages 3 - 33.

(LOL) The WTO provisions that relate to Trade and Environment are at the link on the webpage. WTO's home webpage is <http://www.wto.org>.

### **Topic 4: The Link between trade, the environment, and policy**

This section describes some benefits of trade, the interaction between trade and the environment, and legal and policy issues related to trade and the environment.

\* (EN) Chapter 7.

\* (LOL) Handbook Chapter 4; .and pages 41 – 57 of Chapter 5.

(LOL) A rationale for Article III of GATT: Read introduction and conclusion of Ederington (2001)

### **Topic 5: Foreign investment and the environment**

Trade liberalization may encourage dirty industries to move to countries with weaker environmental protection. This section considers reasons why this movement might or might not occur, and reviews the empirical literature.

\* (EN) Pages 33 - 38 of Chapter 2; Chapters 3 and 4

\* (LOL) Discussion of empirical literature on pollution havens. Copeland and Taylor (2004) section 3.4 (pages 34 - 54)

(LOL) WTO's Literature survey on Pollution Havens: Nordstrom and Vaughan (1999) , chapter 4, pages 35 - 46

(LOL) An overview of the pollution haven hypothesis: Wheeler (2001)

(LOL) The UN report of six case studies: [http://www.unep.ch/etu/publications/CSII\\_Synth.htm](http://www.unep.ch/etu/publications/CSII_Synth.htm).

### **Topic 6: The Environment and Investor to State dispute settlement agreements**

Chapter 11 of NAFTA and most Bilateral Investment Treaties allow foreign investors to have their disputes with host governments heard at international tribunals, rather than in the host's domestic court system. This section examines the environmental effect of these provisions.

\*(EN) Chapter 5

\*(LOL) Private Rights, Public Problems, pages 1 - 62 IISD (2001)

\*(LOL) Background of "theory of takings", article from The Nation, Greider (2001)

(LOL) Public Citizen's view of Chapter 11, especially pages i – xi and 1 –7

(LOL) Institute for International Economics working paper, Mann and von Moltke (2002)

(LOL) Do host governments treat multinationals worse than domestic firms? Huang (2005).

### **Topic 7: Trade-Environment disputes**

Specific trade-and-environment disputes are sometimes invoked to illustrate the harmful effects of globalization in general, and specifically the WTO or NAFTA. What were the disputes really about, what was the role of the WTO or NAFTA, and what are the arguments for the various positions?

\*(EN) Chapter8

\*(LOL) Summaries: Vogel (2000)

(LOL) Shrimp and Turtles: Cone (2002)

(LR) Political Economy and Dolphins, Korber (2000), chapter 5

(LOL) The WTO's summary of disputes:

[http://www.wto.org/english/tratop\\_e/envir\\_e/edis00\\_e.htm](http://www.wto.org/english/tratop_e/envir_e/edis00_e.htm)

(LOL) An online journal that collects information on trade and environment disputes: TED  
(<http://www.american.edu/TED/class/all.htm>)

### **Topic 8: Linking trade and the environment in international institutions**

The main objective of the WTO is to reduce trade barriers. Some people argue WTO objectives should be broadened to include environmental goals.

\*(LOL) Handbook pages 11 - 21

\*(LOL) The basic idea of linked bargains (Pages 185 - 192) Horstmann, Markusen, and Robles (2005)

\*(LOL) Should the WTO be expanded to balance “non-trade” interests? (Especially pages 1 - 15): Guzman (2002)

\*(LOL) A justification for the current separation of trade and environmental issues.(JEP article) Bagwell and Staiger (2001)

\*(LOL) Policy coherence between MEAs and the WTO:.Sampson (2002)

### **Topic 9: The problem of international cooperation**

\*(SB) Chapters 1 - 4

### **Topic 10: Game theory applied to Multilateral Environmental Agreements (MEAs)**

\*(SB) Chapters 6-7

\*(LOL) The relation between public goods and the Coase Theorem: Introduction and conclusion of Dixit and Olson (2000)

(LOL) See how complicated things get: Introduction and conclusion of Ray and Vohra (2001)

### **Topic 11: Climate change and the Kyoto Protocol**

Some environmentalists are concerned that the rules of various MEAs and the WTO might conflict. The desire to avoid this possibility might have a chilling effect on the creation of MEAs. This section provides an overview of existing MEAs and explains their relation to the WTO. The trade implications of the Kyoto agreement are emphasized.

\*(SB) Chapter 15

\*(LOL) A political economy perspective of the WTO and Kyoto: Eckersley (2004)

(LOL) Kyoto and the WTO – an overview from economists: Zhang and Asuncao (2004)

## **Topic 12 The Resource Curse**

There is a negative correlation between economic growth and the economic importance of the resource-intensive sector. Why do countries that are relatively well endowed with natural resources appear to grow relatively slowly?

\* (LOL) Overview and critique of economic and political explanations: Ross (1999)

\* (LOL) The importance of the type of resource: Isham, Pritchett, Woolcock, and Busby (2002) (Read pages 1 - 19; read section IV, pages 29 - 41.)

\* (LOL) Using a measure of "real income growth" Neumayer (2003)

(LOL) The case of Nigeria: Sala-i-Martin and Subramanian (2003) (Read pages 1 -7; skim pages 8 - 11; read summary of results on page 12; skim section III; read section IV

(LOL) Resources and the big push: (pages 43 - 52) Sachs and Warner (1999)

## **Topic 13: Agriculture**

Western agricultural subsidies and trade barriers encourage intensive production in the West, resulting in high input use and low world prices. These policies have direct environmental effects in Western countries, due to increased input use. Since these policies lower world prices for agricultural goods, they also lower the income of agricultural producers in developing countries. There is concern that agricultural trade might result in the loss of genetic diversity if imports "crowd out" local varieties; the spread of genetically modified products might lead to environmental damage.

\* (LOL) Oxfam's view of the effects on poor countries of OECD subsidies (chapter 4):

<http://www.maketradefair.com/> (then click "trade report")

\* (LOL) Estimates of the effects of agricultural reform (especially pp 3- 13 and 29 - 31), Beghin, Roland-Holst, and van der Mensbrugge (2002)

(not yet online) Agroindustrialization and globalization: Barrett, Barbier, and Reardon (2001)

(LOL) US-Mexico corn trade: Ackerman, Ney, Gallagher, and Flores (2002)

(LR) NAFTA and the Mexican corn sector, and environmental linkages (chapter 8): Deere and Esty (2002)

(LOL) OECD Policy Review

(LOL) OECD Review of Ag policies and environmental effects

(LOL) IATRC report

(LOL) Cost of protection (Anderson et al.) ?

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