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## **International Trade Education: Do We Need a New Model for the Global Market?**

William A. Kerr

*Senior Associate, The Estey Centre for Law and Economics in International Trade*

Professionals in the field of international trade policy tend to receive their knowledge on-the-job, often with a considerable component of mentoring. While this was a reasonable knowledge transfer mechanism in a period when interest in trade policy was confined to narrow constituencies and a limited range of trade policies, it may no longer be appropriate in the era of globalization. In recent years both those with an interest in trade policy and the range of issues that come under the purview of trade policy have increased substantially, yet there is little formal education provided on trade policy. As a result, there is a shortage of trained professionals in the field of trade policy. While the shortage is widespread in developed countries, it is endemic in developing countries – leading to a major training effort by the World Trade Organization, regional trade organizations and through bilateral aid. These efforts are stopgap measures and solving the problem will require the incorporation of trade policy in academic curricula. The reasons for trade policy training retaining its traditional form are explored and suggestions regarding alternatives provided.

Keywords: developing countries, education, trade policy

I will set down a tale as it was told to me by one who had it of his father, which latter had it of *his* father, this last in like manner had it of *his* father ....

Mark Twain

*The Prince and the Pauper*<sup>1</sup>

For the most part, international trade policy education follows the time-honoured method of on-the-job training. For example, few trade negotiators have received formal post-secondary training in trade policy although many have degrees in economics, law, business or international relations that touched on aspects of international commerce in minor ways – an undergraduate trade theory course, a course in international business, one unit in a crowded legal curriculum or a survey of international organizations. Trade negotiators learn their craft from their predecessors in apprentice-like or mentoring processes. This form of education can be very effective in transferring existing knowledge, but it is inefficient in that those with the knowledge and expertise can pass it on to only small numbers.

It might be argued that trade negotiation is a specific skill and that the individuals who enter that profession don't need an in-depth understanding of the broader aspects of trade policy – any more than car sellers need to fully understand the workings of the automobiles they are selling. After all, trade negotiators are deal-makers – it is the negotiating prowess that is important.<sup>2</sup> While this argument can be made regarding trade negotiators, it is not the case for those that provide the analysis upon which negotiating positions are established. Again, however, on-the-job training is the norm. The same is true for individuals knowledgeable about international commercial policy and trade policy who work in the private sector. As a result, knowledge of the potential impact that trade agreements and trade rules can have on international transactions is extremely limited<sup>3</sup> – surprisingly limited in a globalizing world where growth in international trade consistently outstrips growth in domestic economies.

In the public sector, outside of trade ministries, trade policy expertise is almost entirely lacking and hard to obtain – there is no one to provide on-the-job mentoring. Again, this is surprising, as in recent decades trade agreements have increasingly broadened their scope far beyond traditional border measures such as tariffs and import quotas into areas of regulation that traditionally have been thought of as lying solely in the purview of domestic policy and regulatory competency – sanitary and phytosanitary measures, labelling requirements, inspection procedures, government

procurement, environmental standards, professional certification, protection of intellectual property, public health policy, animal welfare, labour standards and subsidization mechanisms, to name only a few (Isaac and Kerr, 2007; Kerr and Hobbs, 2005; Loppacher and Kerr, 2006; Hobbs and Kerr, 2006). Poor understanding of trade agreements in non-trade ministries and in sub-national and municipal governments means they have less input into the development of trade policy than they should and may well act to inhibit agreed upon trade liberalization (Hayes and Kerr, 1997).

Non-government organizations and other elements of civil society have become increasingly interested in trade negotiations and the development of trade policy as globalization has raised concerns about an erosion of local control and what appears to be a lack of accountability in international organizations (Hobbs, Hobbs and Kerr, 2005). While the level of concern expressed by members of civil society and their organizations is often high, the level of understanding is often poor, leading to what is considered by trade professionals to be a very low level of debate and a fundamental failure to communicate. As a result, there is a frustration with the inability to influence the development of trade policy that has left governments scrambling to be more inclusive regarding trade policy (Isaac, 2003) and that sometimes spills over into direct (sometimes violent) action in the streets surrounding trade meetings. Civil society groups typically have little capacity to mentor, and few university graduates with appropriate skills can be found for hire. As a result, the quality of debate has not discernibly improved in recent decades.

It is in developing countries that the paucity of trade policy expertise is most apparent. As developing countries become increasingly integrated into the international economy as a result of globalization – or in some cases are markedly left out (and behind) – they have realized that they need to take a more active role in international trade organizations (Kerr, 2002). Unfortunately, sufficient domestic human capital has not existed to even begin the process in most developing countries – something that became quickly apparent to international trade organizations such as the World Trade Organization (WTO) and the Asia-Pacific Economic Cooperation (APEC) group. The result has been, particularly since the launch of the Doha Round of multilateral negotiations at the WTO, a significant trade capacity-building effort by the WTO, regional trade organizations and individual developed-country governments. Typically, this capacity-building effort has been delivered in a “short course” format to early and mid-career bureaucrats in trade ministries. It seldom extends in a significant way to other government ministries, the private sector or the broader civil society. Those charged with providing training were often initially frustrated with a dearth of appropriate training materials – those that existed were

either at such a high level as to be accessible only to those who were already experts or so general that they could be used only as introductory material.<sup>4</sup> The gap that existed in materials has been filled over the interim, and a great deal of excellent information and training manuals now exist. The human capital deficit, however, has hardly been scratched.

Short courses and mid-career training, however, can be only stopgaps at best – valuable stopgaps but stopgaps none the less. Mid-career people are typically very busy, and pulling them out of their regular jobs and activities even for a few days can be difficult. As a result, short courses can fill in information gaps, but it is difficult to build a solid intellectual base or a good set of analytical skills with them. That requires either mentoring on an extended basis or a more structured formal education over a longer period. As suggested above, mentoring, while effective, is inefficient due to its one-on-one nature. Formal education can be effective as well as more efficient due to the expert being able to share knowledge and experience with large numbers. If there is demand for formal international trade education, as there appears to be, the question is why is it not being supplied?

International trade policy education is interdisciplinary. It draws from economics, law, business and political science at the very least. Interdisciplinary programs are always difficult to initiate in academic institutions given the disciplinary nature of universities and, in particular, the incentive systems, which are skewed toward demonstrating prowess in one's primary field of study. Further, while to the outsider there may appear to be natural cross-disciplinary research questions that suggest cooperation among disciplines, differences in methods, approaches to research and what might be considered "worthy or interesting" topics mean that the set of potential collaborative topics is quite small. Add to this the problem of finding an outlet for interdisciplinary research – interdisciplinary journals tend to be discounted in university promotion and tenure decisions while disciplinary outlets tend not to accept work based on cross-disciplinary methods. Even if a manuscript is successfully published in a disciplinary journal, only the author(s) who come from that discipline will fully benefit while co-authors from alternative fields will receive only a discounted reward at best. None of this is new (to the frustration of university administrators and others who wish to promote interdisciplinary cooperation), but solutions remain elusive;<sup>5</sup> what it means is that multi-disciplinary connections among academics are simply not made, and a group of academics that might promote an education initiative in international trade fails to coalesce. While these organizational costs certainly exist, given the wide range of interdisciplinary degrees that have

proliferated over the last few years, they cannot fully explain the dearth of academic programs in international trade education. Other factors are likely at work.

At its core, international trade is an economic issue. It can be argued that economics as an academic discipline had its roots in attempting to deal with trade policy questions (Perdikis and Kerr, 1998). After all, one of Adam Smith's primary motivations for writing his *Wealth of Nations* in the mid-1700s was to debunk the trade policy approach known as mercantilism.<sup>6</sup> The study of international trade by economists can be roughly divided into three general areas of inquiry: (1) trade theory, (2) empirical studies of trade and (3) trade policy. The first of these seeks fundamental insights through the rigorous application of structural formalism and tightly specified assumptions. Empirical studies test the propositions of trade theory (Perdikis and Kerr, 1998) or attempt to garner insights from the statistical evidence pertaining to trade flows and related economic indicators. Trade policy deals with the economic effects of direct or indirect government intervention that alters the environment under which international transactions take place. It can be argued that the development of trade policy since Adam Smith's time has consisted of the gradual stripping away of the intellectual legitimacy of various protectionist theories that have attempted to identify narrow vested interests with the general good. Trade theory evolved from this process as economists sought ever greater intellectual rigour in trying to understand the underlying welfare implications of an economy choosing (or not) to engage in international trade. Trade theory, due to its intellectual rigor, grew into the dominant and most prestigious stream of trade inquiry in economics. It often led the wider movement into structural formalism within the broader discipline of economics that took place in the latter half of the 20<sup>th</sup> century. In the process, trade theory became increasingly abstract and less applicable to analysing applied trade policy questions. In particular, its focus on general equilibrium as a tool of analysis fosters a degree of abstraction that limits its usefulness in answering many policy questions. The result has been that economic education at both the graduate and undergraduate levels focuses on economic theory, and trade policy often receives little more than a cursory treatment, and then only at the most junior levels.<sup>7</sup> Most trade economists in academic departments have little interest in trade policy,<sup>8</sup> and this is reflected in the education their students receive. Academic economists who work in the area of trade policy are largely self-taught,<sup>9</sup> and their research interests may not be reflected in what they teach. As a result, academics in the discipline who might be expected to "lead a charge" for an academic program in international trade policy education probably see little reason or merit in such a course of study.

Members of departments of agricultural economics who work in the international trade area are more likely to have a trade policy focus, and trade policy is likely to be part of their curricula. In part, this is because of the applied economics nature of the discipline and, in part, because of the concentration of trade policy problems in the trade in agricultural goods. For example, the Doha Round has largely faltered over the issue of agricultural trade, and the previous Uruguay Round nearly collapsed on a number of occasions due to the inability to make progress on agricultural issues. The work of agricultural economists, however, is largely sector specific. Further, it is a small discipline. Even so, agricultural economists probably represent one of the largest reservoirs of academics that directly deal with and provide formal education on international trade policy.

International law is a well recognized, if small, field in law. It is certainly widely taught as part of a legal education, and a number of the few interdisciplinary international trade education programs appear to have been fostered by academics with a base in law departments and have a strong basis in international law. Legal education, particularly in North America, tends to be exclusive in that law courses are not open to students from other disciplines. This tends to make it difficult to make international law accessible to students in interdisciplinary programs – special courses would have to be developed and offered in many cases.

Business schools tend not to have expertise in trade policy. Courses in international business tend to encompass a wide variety of topics, from differences in business culture to international logistics to private international dispute settlement to market entry strategies – topics such as WTO rules or the effect of regional trade agreements receive little attention. Textbooks on international business may devote a chapter to international organizations such as the WTO but are largely descriptive. Tariffs and their forms (e.g., flat rate, *ad valorem*, c.i.f., f.o.b., etc.) may be covered, but trade policy issues that increase the risks of engaging in international commerce, such as antidumping regulations, countervailing duties, sanitary and phytosanitary regulations, rules of origin, protection of intellectual property, etc. are often ignored.<sup>10</sup> Again, one suspects that this type of knowledge is transferred through mentoring within firms that engage in international commerce and is, hence, not common among academics in business schools.

Political scientists have long had an interest in international organizations. Their focus is on how the organizations arise and function as well as on their efficacy. Trade organizations are only one subset of a plethora of international entities that can be studied. Given the central place of economics in the role of trade organizations, political scientists typically may not be comfortable focussing on the trade policy

aspects of the organizations, although their internal functioning and processes have proved fertile ground for analysis. The insights provided by political scientists are essential to understanding how progress in negotiations can be made – something that firms, governments and NGOs should have a strong interest in. International relations programs at universities are often fostered by political science departments and, while they may have a component dealing with international economics, this is seldom a central focus.

In short, interdisciplinary international trade education does not seem to have any obvious champion among the major academic disciplines that must comprise its core. This absence of a champion may go a long way to explaining why what seems to be a clear need for this form of education remains largely unfulfilled. The broadening of the scope of issues that international trade practitioners have to deal with suggests that a wider range of academic disciplines should be encompassed within an international trade education program – innovation management (international protection of intellectual property, trade in genetically modified organisms), community health (drug policy for epidemics such as HIV/AIDS), veterinary medicine (international transmission of animal diseases such as *bovine spongiform encephalopathy* (BSE)),<sup>11</sup> ethics (animal welfare, child labour) and ecology (trade and the environment) to name only a few. The expanding scope of competencies required by trade policy practitioners serves to emphasize the inadequacy of the mentoring approach to the transfer of trade policy knowledge – when trade policy was largely confined to tariffs and border measures mentoring probably worked reasonably well, but it is less clear how those who mentor acquire knowledge when the range of topics that need addressing moves into new and very different disciplines. The ability of formal education institutions to draw on a range of academic expertise is a clear advantage for that model of knowledge transfer.

The form of an alternative model for knowledge transfer in international trade education is fairly straightforward. While there is certainly a place for undergraduate programs in international trade education, the most obvious place for this type of interdisciplinary program is as a post-graduate degree. This is the era of specialized professional masters degrees. One has only to peruse any issue of *The Economist* to find a surprising range of professional masters degrees – MSc in Information Technology, Master of Public Health, MSc in Economics and Management in Arts, Culture Media and Entertainment, Masters in Financial Economics, Masters in Public Administration in International Development, Master of Arts in EU International Relations and Diplomacy, MBA in International Banking and Finance and so on. Conspicuous by their absence are programs in international trade policy.<sup>12</sup>

Professional masters degrees allow individuals to draw on both the learning skills developed as undergraduates and the human capital base built up during their undergraduate study, while gaining specialized knowledge that is applicable to their jobs or will help them access avenues of employment they have identified as being of interest in the future. While tuition costs for professional masters degrees sometimes appear prohibitive, their success would suggest that there are, in most cases, sufficient rewards to justify the investment.

Given the range of employers that would benefit from trained international trade professionals – goods and/or services firms engaged in international commerce, international trade ministries, non-trade government ministries, sub-national and municipal governments, NGOs, industry organizations – and the breadth of disciplines that can contribute to trade policy, entry requirements should focus on undergraduate performance rather than particular disciplinary knowledge. An understanding of basic economics is probably desirable, but it should be relatively simple for prospective entrants to remedy that deficiency prior to entering the program.

The curriculum needs to focus for its core on trade policy, international law, international trade theory, international business and international relations/political science. As programs grow, optional courses that draw on a wide range of academic disciplines can be added as the need arises. There now exists a vast range of experience related to providing professional masters programs suited to mid-career professionals, and it is clear that a variety of models can succeed if well thought out and managed; these models range from traditional, residence-based degrees to programs with a large component of distance education combined with brief periods of residence at the university campus, to fully distance-based programs.

In the era of global markets, a model of knowledge transfer on matters of international trade policy based on learning by doing augmented by mentoring would appear to be an anomaly. International trade policy questions have expanded in complexity and the topic draws a much wider audience than in the past. The need for skilled international trade specialists exists and is growing. The new model, it appears, is only new to international trade education. Just as legal, accounting and business education moved from the learning by doing/mentoring model – after all, not long ago lawyers “read” the law privately prior to entering the bar, accountants articulated and business schools were few and far between<sup>13</sup> – to academic programs as demand expanded and complexity increased, it is now time for international trade education to embrace a more efficient alternative.



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## Endnotes

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1. See the foreword to Twain, M. (1881) *The Prince and the Pauper*, available in the public domain from Classic Literature Library at: <http://mark-twain.classic-literature.co.uk/the-prince-and-the-pauper/>
2. Of course, many trade negotiators have a deep understanding of the issues they deal with – the central point is that they are unlikely to have acquired it through formal education.
3. See Kerr and Perdikis (2003, pp. 3-4) for an illustrative example.
4. The result was that appropriate material often had to be developed by those providing the training, which increased significantly the time and effort required in capacity-building initiatives. Examples of the type of material that arose out of trade capacity-building efforts in transition economies can be found in Gaisford, Kerr and Perdikis (2003) and Gaisford and Kerr (2001).
5. For example, I have edited the interdisciplinary *Estey Centre Journal of International Law and Trade Policy* for seven years, and there have been only four papers published that had co-authors from different disciplines.
6. There are many versions of Adam Smith's classic. One accessible version is Smith (1994).
7. This is not to suggest that the work of trade theorists is not valuable. The insights into the underlying forces that motivate trade and its welfare effects are central to understanding the international economy, and exposure to such ideas should be a strong component of the education of any trade policy practitioner.
8. They may also have only a poor grasp of trade policy issues. For example, see the discussion of how economics textbooks and reference works deal with the topic of dumping in Kerr (2006).
9. This is certainly true in my case and with all those that I have met in 25 years of academic life.
10. The paucity of these types of information in business texts was, for example, what prompted Nicholas Perdikis and me to write *The Economics of International Business* (Kerr and Perdikis, 2003).
11. Commonly known as "mad cow disease".
12. There are professional programs with titles such as Masters in International Economics and Management, but a closer look at their curricula suggests little attention to international trade policy.

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13. Of course, vestiges of the learning by doing/mentoring model remain for lawyers and accountants, who must article after their formal education ends and before they can become full-fledged members of their chosen professions.

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