Course Outline

This is a Master’s-level course in international trade theory and policy. Here we will study aspects of international trade at a rigorous level, though the analysis will be primarily graphical in nature, employing a minimum of calculus. Questions that will be addressed include fundamental determinants of the patterns of trade and the gains from trade, motivations for interfering with trade, and the role of international factor movements. We will also read widely in more practical areas of international trade policy, including trade institutions and calculations of the welfare effects of trade barriers. Thus, there are two goals in the course. First, we will develop a solid grounding in the analytics of modern trade theory and, second, we will master some tools to use for practical trade analysis. This is an ambitious agenda and will require sustained effort.

The required text is International Trade: Theory and Evidence (McGraw-Hill, 1995) by Markusen, Melvin, Kaempfer, and Maskus (MMKM). We will attempt to complete the full volume, though this will be a challenge. In addition, I list below some additional material I will expect you to locate and read.

Grading will consist of two mid-term examinations, each worth 20% of your grade, a final examination worth 40%, and a term paper worth 20%. I will circulate separately some guidelines on the term paper.

Good luck. I will try to keep the lectures informal and fun, though without sacrificing rigor. Please keep up with the readings and contribute actively to classroom discussion.

Subject Material

1. Introduction MMKM, Ch 1 Jan 11
2. General Equilibrium MMKM, Ch 4 Jan 13-18
   (Note: you should read and understand Chs 2-3 on your own.)
3. Gains from Trade MMKM, Ch 5-6 Jan 20-23
4. Ricardian Trade Theory MMKM, Ch 7 Jan 25-27
5. Heckscher-Ohlin Trade Theory MMKM, Ch 8 Jan 30-Feb 8

Readings on trade and wages (a hot debate in trade):

MIDTERM EXAMINATION 1

6. Specific-Factors Model

PAPER PROPOSAL AND OUTLINE DUE

7. Distortions and Trade

8. Economies of Scale and Product Differentiation

9. Demand and Technological Change

10. Empirical Studies

Readings:

MIDTERM EXAMINATION 2

11. Tariffs

12. Quotas and NTBs

13. Strategic Trade Policy

Readings:
L. Tyson, Who's Bashing Whom?, 1993, Ch.4

14. Preferential Trade Areas

Reading:

15. Political Economy of Trade Policy
16. Trade Institutions
   MMKM, Ch 20   April 21-24

17. Trade in Factors
   MMKM, Ch 21   April 26
   April 28

TERM PAPER DUE

18. Multinational Firms
   MMKM, Ch 22   Apr 28-May 1
   (Note: Read MMKM Ch. 23 on your own.)

FINAL EXAMINATION
   Monday, May 8  3:30 - 6:30 PM