

Syllabus

1. Course Description

- a. Title of the Course: Trade Policy (MA-level)
- b. Pre-requisites: Calculus, Microeconomic Theory
- c. Course Type: Elective
- d. Abstract: We will study the causes and consequences of international trade, investigate why nations trade, what they trade, and who gains from trade. We will then look at the motives for countries or organizations to restrict or regulate international trade and study the effects of such trade policies on economic welfare.

2. Learning Objectives

The goal of the course is to provide students with an understanding of the key issues that are important in trade policy and how international trade theory helps understand them.

3. Learning Outcomes

By the end of this course, it is expected that the student will: 1) understand the key motives for international trade; 2) be familiar with the models used in international trade, from the classic ones to the latest developments; 3) understand the key policy issues and the theory relevant to their analysis; 4) have developed the capacity to read and understand the journal literature in the area of international trade.

4. Course Plan

We will cover topics such as: 1) Microeconomic foundations of trade theory; 2) Why do nations trade: Comparative advantage models, Increasing-returns-to-scale models, and Imperfect competition models; 3) International trade and immigration; 4) Outsourcing/offshoring; 5) International trade policy: Tariffs, Quotas, Subsidies; 6) WTO: The prisoner's dilemma nature of protectionism, and the rationale for multilateral cooperation; 7) International trade agreements, trade creation and trade diversion; 8) International trade and environmental policy.

5. Reading List

- a. Required textbook:
McLaren, John: *International Trade*, Wiley, 2012.
- b. Optional textbooks:
Feenstra, Robert: *Advanced International Trade*, Princeton University Press, 2004.
Feenstra, Robert and Alan Taylor: *International Trade* (2nd edition), Worth Publishers, 2011.

Krugman, Paul, Maurice Obstfeld, and Marc Melitz: *International Economics: Theory and Policy* (9th edition), Addison Wesley, 2011.

Markusen, James, James Melvin, William Kaempfer and Keith Maskus: *International Trade: Theory and Evidence*, McGraw Hill, 1995 (more technical – available online)

Helpful non-technical reading:

Helpman, Elhanan: *Understanding Global Trade*, Belknap Press, 2011.

Irwin, Douglas: *Free Trade under Fire* (3rd edition), Princeton University Press, 2009.

Krugman, Paul: *Pop Internationalism*, MIT Press, 1997.

6. Grading System

(SUBJECT TO CHANGE) There will be an in-class midterm exam (counting for 30% of the final course grade) and an in-class final exam (counting for 40% of the final course grade).

There will be two graded homeworks throughout the semester. Each will count for 10% of the final course grade. I expect attendance and participation in the lectures. This will count for 10% of the final course grade.

7. Guidelines for Knowledge Assessment

A deep understanding of the topics covered in lectures, of the assigned readings and the homework questions is essential for success in the exams and in the course.

8. Methods of Instruction

We will rely on formal economic modeling and will use microeconomic tools in the course. It is crucial that you be familiar with these tools and models.

9. Special Equipment and Software Support (if required)