Recent growth in economic integration has brought international trade issues to the forefront of both economics and society. This course will analyze the causes and consequences of international trade. The theory of international trade and the effects of trade policy tools will be developed in both perfect and imperfect competition, with reference to the empirical evidence. This will allow us to address many essential questions.

- Why do countries trade?
- Are countries better off because they trade? Are both trading partners better off?
- Who gains and who loses within a country?
- In what ways do countries intervene in trade? What are the effects of these actions?
- What if markets don't work perfectly? How does that affect our assessments?

This framework will serve as a context for a discussion of several important contemporary issues, including the following questions.

- What is the impact of trade on income inequality?
- What is the relationship between trade and the environment?
- Is there a role for strategic trade policy?
- How does trade affect the economies of developing countries?
- What are the effects of free trade agreements such as NAFTA and the TPP?

Readings  The text is Krugman and Obstfeld, 9th edition. You should purchase this at the bookstore. Substantial material will come from other sources, on e-reserve.

Office Hours: I will hold regular office hours on Mondays from 9-10 am, and on Wednesdays from 10am-noon. You can also reach me by email to schedule other times.

Requirements: Evaluation will be based on the following as well as class participation. Please mark your calendar with the following dates.

Problem Sets Due: February 11, February 25, April 7
Exam: March 3
Conferences: March 10, March 31, and April 21 (one as presenter, two as participant)
Final Exam: Wednesday, May 11, 6-9pm

In fairness to other students, late assignments will be penalized at a rate of 5% per calendar day. Exceptions may be made in the event of unforeseen circumstances; these should be discussed with me at the earliest possible time.
Course Outline and Readings

Readings are marked with an * are optional.

The Patterns of Trade and Globalization (January 26 and 28)

Krugman and Obstfeld, c.2


The Gains from Trade and Ricardian Models of Trade (February 2 and 4)

Krugman and Obstfeld, c.3


Specific Factors Model and Distribution (February 9 and 11)

Krugman and Obstfeld, c.4


The Heckscher-Ohlin Model and Distribution (February 16, 18, and 23)

Krugman and Obstfeld, c.5


**Trade and Income Distribution** (February 25)

Krugman and Obstfeld, c.12, p279-286.


**Instruments of Trade Policy** (March 1)

Krugman and Obstfeld, c.9

**Midterm Exam: March 3**

**Instruments of Trade Policy, Continued** (March 8)

Krugman and Obstfeld, c.10, p219-234.


Conference 1: Developing Countries and Trade Policy (March 10)

Krugman and Obstfeld, c.11


Increasing Returns and Imperfect Competition (March 15 and 17)

Krugman and Obstfeld, c.7 and c.8, p155-180.


Spring Break: March 22 and 24

Factor Mobility

Immigration (March 29)


Conference 2: U.S. Immigration Policy (March 31)


Capital Mobility, Competitiveness, and the Trade Imbalances (April 5)

Krugman and Obstfeld, c.6, p127-136.


Applications of Imperfect Competition

Multinational Corporations and Offshoring (April 7 and 12)

Krugman and Obstfeld, c.8, p 180-187.


**Trade Policy Under Imperfect Competition** (April 14 and 19)

Krugman and Obstfeld, c.12, p 271-279.


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**Conference 3: Trade and the Environment  (April 21)**

Krugman and Obstfeld, c.12, p286-290.


**International Trade Agreements** (April 26 and 28)

Krugman and Obstfeld, c.10, p234-249.
