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 (proposed) TPP?

Readings The text is Krugman and Obstfeld, 10th 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 Wednesdays from 9:30-11:30 and on Fridays from 2:30 to 3:30. You can also reach me by email to schedule other times. There will be a tutor for the course, Ryan Keithahn; she will offer office hours on Wednesday evenings (7-9pm) on the weeks that problems sets (or the midterm exam) occur.

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 8, February 22, April 5
- Exam: March 8
- Conferences: March 29, April 17, and April 26
- Final Exam: Finals week, details TBA

(Do not buy plane tickets until announced!)

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 23 and 25)

Krugman and Obstfeld, c.2


**The Gains from Trade and Ricardian Models of Trade** (January 30 and February 3)

Please note special Saturday class in lieu of Thursday class. Same time and place.

Krugman and Obstfeld, c.3


**Specific Factors Model and Distribution** (February 6 and 8)

Krugman and Obstfeld, c.4


The Heckscher-Ohlin Model and Distribution (February 13 and 15)

Krugman and Obstfeld, c.5


Trade and Income Distribution (February 20)

Krugman and Obstfeld, c.12, p299-305.


Trade, Politics, and Opinion (February 22)


Instruments of Trade Policy (February 27 and March 1)

Krugman and Obstfeld, c.9, c.10, p236-251.


Developing Countries and Trade Policy (March 6)

Krugman and Obstfeld, c.11


Midterm Exam: March 8

Spring Break: March 13 and 15

Increasing Returns and Imperfect Competition (March 20 and 22)

Krugman and Obstfeld, c.7 and c.8, p164-190.

**Factor Mobility**

**Immigration** (March 27)


**Conference 1: U.S. Immigration Policy (March 29)**


**Capital Mobility, Competitiveness, and the Trade Imbalances** (April 3)

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


**Applications of Imperfect Competition**

**Multinational Corporations and Offshoring** (April 5 and 10)
Krugman and Obstfeld, c.8, p 190-200.


**Trade Policy Under Imperfect Competition** (April 12)

Krugman and Obstfeld, c.12, p 290-298.


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**Conference 2: Trade and The Environment (April 17)**

Krugman and Obstfeld, c.12, p.305-310.

“Deal Done.” The Economist. 12 December 2015.
And browse related stories here: http://www.economist.com/climatechange


**International Trade Agreements** (April 24)

Krugman and Obstfeld, c.10, p252-267.


**Conference 3: Is the TPP a good idea? (April 26)**

