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 environmental protection?
- 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 CPTPP?

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 to 11 and on Fridays from 1:30 to 3. 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: September 19, October 3, November 14
- Exam: October 10
- Presentations: November 7, November 26, December 10
- Final Exam: TBA (Do not book finals week travel before announcement.)

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** (September 3 and 5)

Krugman and Obstfeld, c.2


**The Gains from Trade and Ricardian Models of Trade** (September 10 and 15)

*Note special Sunday class in lieu of Thursday class.*

Krugman and Obstfeld, c.3


**Specific Factors Model and Distribution** (September 17 and 19)

Krugman and Obstfeld, c.4


The Heckscher-Ohlin Model and Distribution (September 24 and 26)

Krugman and Obstfeld, c.5


Trade and Income Distribution (October 1)

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


Trade, Politics, and Opinion (October 3)


Instruments of Trade Policy (October 8 and 15)

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


Midterm Exam: October 10

Developing Countries and Trade Policy (October 17)

Krugman and Obstfeld, c.11


Fall Break: October 22 and 24

Increasing Returns and Imperfect Competition (October 29 and 31)

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

Factor Mobility

**Immigration** (November 5)


Conference 1: Improving U.S. Immigration Policy (November 7)


Capital Mobility, Competitiveness, and the Trade Imbalances (November 12)

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


Applications of Imperfect Competition

**Multinational Corporations and Offshoring** (November 14 and 19)

Krugman and Obstfeld, c.8, p 190-200.


**Trade Policy Under Imperfect Competition** (November 21)

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


**Conference 2: Should US Trade Policy Be More Strategic?** (Nov 26)


Drezner, Dan. 2019. “*Elizabeth Warren’s trade plan is bad politics and worse policy*.” 30 July.
Trade and the Environment (December 3)

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 (December 5)

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


Conference 3: Should the United States Join the CPTPP in 2021? (December 10)

Browse Canada’s CPTPP website and/or Australia’s website.
If it is still up, look at the archived US site on TPP.