This seminar will examine international economics from a microeconomic perspective, with its focus largely on trade and trade protection and promotion policies. The first couple weeks will be a review of traditional trade theory at (hopefully) a more rigorous level than you have been exposed to before, both at the theoretical level and with an eye toward testing the traditional trade results. This will be followed by examining more recent trade theory, including introduction of imperfect competition, multinational firms and intraindustry trade into models of trade. The last half of the seminar will examine trade policies, including tariffs, quotas, voluntary export restraint agreements, export subsidies, and antidumping and countervailing duties. As with the entire class, we will examine these policies both theoretically and empirically.

The seminar will be a mix of lecture material and discussion of papers, with more lecture the first few weeks as we work through trade theories. In general, we will be reading relevant articles that pertain to each topic. For some of the introductory lectures on trade theory and the basics of trade policy, undergraduate books like Appleyard and Field’s International Economics or Caves, Frankel and Jones’ World Trade and Payments may be useful references for you. I will have a copy of the relevant “starred” articles available one week before we discuss them. The goal is to give you a solid understanding of literature in each area and a sense for which issues economists have deemed important and relevant. We will have weekly or biweekly assignments (30 % of your grade) and a midterm later in the term (30 % of your grade) to give you added incentive to achieve these goals.

The ultimate goal in a field class is to get you working on and writing original research. To achieve this, you will present a journal article to the class at the end of the term (10 % of your grade) and write a literature review paper (30 % of your grade) due by 5 pm Wednesday, June 13. The topic for the presentation and literature review needs to be decided in consultation with me by the third week of class. The article you present will ideally be the “best” one you have read for your literature review. A handout at the beginning of the term will detail what I expect from the literature review and how to get started.
GENERAL OUTLINE OF COURSE

Starred (*) readings are required reading. Unstarred ones are recommended.

1) Pure Exchange and the Ricardian Trade Model


2) Heckscher-Ohlin Model of Trade


3) Sector-Specific Model of Trade


4) Testing Traditional Trade Theories


5) New Trade Theory: Imperfect Competition Models of Trade


6) Testing New Trade Theory


7) Capital Movements, Foreign Direct Investment, and Multinational Firms


8) Trade Policy: Tariffs


9) Trade Policy: Quotas and VERs


10) Trade Policy under Imperfect Competition


Thurs, May 17 - MIDTERM

11) Antidumping and Countervailing Duty Protection


12) Analysis with Computable General Equilibrium Models


13) Political Economy of Trade and Protection


14) Political Economy of FDI


Tues, June 5     -     Class Presentations or Additional Topics

Thurs, June 7    -     Class Presentations

Wed, June 13    -     Written Literature Review due by 5 pm
Other Areas of Interest We Won’t Cover / Possible Literature Review Topics:

1) Trade Adjustment Assistance
See May 1994 Issue of Journal of International Economics

2) Economic Integration


3) Trade and the Environment


4) Possible Arguments for Protection


5) Trade and Growth

See May 1996 Issue of Journal of International Economics

6) Trade Negotiations and Trade Agreements


7) Trade and Wages


8) FDI and Wages


9. Trade and Technology Transfer


10. International R&D Spillovers


