

ECON 475: International Trade Theory

Fall 2018

Class Meets

Section 2: Tuesday, Thursday 2:00 – 3:20, Tyler Hall 123

Section 3: Tuesday, Thursday 3:00 – 4:50, Tyler Hall 123

Instructor

John Lopresti
Tyler Hall 250
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Office Hours

Monday, 2:00 – 3:00
Wednesday, 11:00 – 1:00
Or by appointment

Textbook

Strongly Recommended: *International Trade*, Feenstra and Taylor 4th edition (older ones are fine)
Additional readings will be posted to Blackboard throughout the semester.

Course Grade

Homework (Best 3 out of 4)	30%
Midterm Exam	35%
Final Exam	35%

Problem sets are due by 5:00 pm on the dates listed below. Assignments turned in after 5:00 will be accepted for 24 hours with a penalty of 20 percentage points. Assignments turned in more than 24 hours late will not be accepted. I do not grant extensions on homework assignments. I encourage you to work together on these assignments. However, each student is required to turn in his or her own problem set.

Exams are closed book. The midterm exam will be given in class on the date listed below. Students who are unable to take the exam on this date must provide a valid reason and documentation for the absence, as far in advance as possible. A makeup exam will then be scheduled. In the event that you have questions regarding the grading of an exam, you have one week from the day it is returned to resubmit it to me with questions.

Important Dates

Tuesday, October 16: No Class (Fall Break)

Thursday, November 22: No Class (Thanksgiving Break)

Problem Set 1 Due: September 18

Problem Set 2 Due: October 4

Problem Set 3 Due: November 8

Problem Set 4 Due: December 4

Midterm Exam: Thursday, October 11 (In Class)

Final Exam: Section 2: Tuesday, December 18, 2:00-5:00

Section 3: Monday, December 10, 2:00 – 5:00 PM

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Course Outline

What is provided below is a tentative outline of the topics to be covered in this course. While the broad structure will remain unchanged, topics may be added or removed as time dictates. Relevant changes will be noted in class.

Chapter 2: The Ricardian Model: Trade and Technology

Why do countries trade with one another? How does productivity affect the pattern of trade? What is the nature of gains from trade?

Chapter 3: The Specific Factors Model: Winners and Losers from Trade

Can we explain opposition to trade? What determines winners and losers from trade?

Chapter 4: The Heckscher Ohlin Model: Resources and Trade

What role do factor endowments play in the pattern of trade? How do changes in goods prices affect returns to factors of production? How do changes in endowments affect outputs? Do factor prices converge?

Chapter 5: Factor Mobility

Are there gains to movement in factors of production? Does the effect of factor mobility change over time? How does immigration affect wages of domestic workers?

Chapter 6: Increasing Returns, Imperfect Competition, and Firms in Trade

Why do similar countries trade? How do increasing returns to scale affect the motivation for trade? What role do individual firms play in trade? How can we explain empirical regularities regarding firm productivity and trade?

Chapter 7: Outsourcing, Wages, and Inequality

What about world trade do models of trade in final goods fail to capture? How does offshoring affect wages of skilled and unskilled labor? Are the incentives and effects for outsourcing different from those for trade in goods?

Chapter 8: Trade Policy Under Perfect Competition: Tariffs, Quotas, and Subsidies

What are the effects of trade policy on domestic and world prices? On output? What are the welfare effects of the various policies? How do the effects depend upon the market power of a country?

Chapter 10: Strategic Trade Policy, Other Protectionist Arguments

What is the incentive for active subsidization? What are the hurdles to such a policy? What is the infant industry argument?

Chapter 11: Trade Agreements

Do we need trade agreements? What role does the World Trade Organization play in global trade? What do the data say about recent trade agreements? How do we measure the effect of trade agreements?