

Georgetown University
Economics 243 International Trade Summer Session II

Syllabus

Instructor: Yidan Jin

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Office Hours: TBA

Lectures: MTWR 3:15-5:15pm, ICC104

REQUIRED TEXT:

Krugman, Paul, Maurice Obstfeld and Marc Melitz, *International Economics: Theory and Policy*, 11th Edition, Addison-Wesley. (KOM) [9th and 10th Editions are OK, but page numbers may not match].

COURSE OBJECTIVE:

This course develops a systematic framework for the analysis such issues. It is built upon the economics of international trade and an understanding of the institutions that determine trade policy. The interplay of trade and trade institutions will be examined, from the earliest Ricardian model to the recent models based on increasing returns and imperfect competition, and from the history of early trade relations to recent developments in the WTO and regional trade agreements. By the end of the course, you should be able to:

- Identify the main factors contributing to the pattern and growth of international trade.
- Explain the welfare gains and distributional consequences of trade and factor mobility.
- Identify the main types of international trade policy and the relevant institutions governing their use.
- Analyze the effects of trade policy on trade flows, production, factor prices and welfare.
- Chart the proper course for humanity.

ASSESSMENT: Your grade in this class will depend upon your performance on four problem sets, the midterm and the final exam.

- **PROBLEM SETS:** There will be four problem sets, which collectively account for 20% of your grade. Problem sets will be posted on Blackboard one week before they are due. They are due in class.
- **MIDTERM:** The midterm is worth 40% of your grade.
- **FINAL EXAM:** The final exam is cumulative and is worth 40% of your grade.

I. International Trade Theory

A. Introduction

KOM, Chapter 1 Data

KOM, Chapter 2 Gravity Model

B. Key Concepts: Comparative Advantage, Gains from Trade & Terms of Trade

KOM, Chapter 9, pp. 215-218, 221 – 223. Partial Equilibrium

KOM, Chapter 6, pp. 123 – 137. General Equilibrium

- C. Three Canonical GE Models: Ricardian, Specific Factors, & Heckscher-Ohlin
 - KOM, Chapters 3 - 5 Production
 - KOM, Chapters 3 & 5 The Pattern of Trade
 - KOM, Chapter 4 & 5 Trade and Income Distribution
 - D. Economies of Scale
 - KOM, Chapters 7 & 11 External Economies of Scale
 - KOM, Chapter 8 Firms, Multinationals and Offshoring
- II. International Trade Policy
- KOM, Chapter 10 , pp. 260-270 Trade Policy History and Institutions
 - KOM, Chapter 9 Tools of Trade Policy: Tariffs, Quotas, Non-tariff Barriers
 - KOM, Chapter 10, pp. 246-260 The Political Economy of Trade Policy
 - KOM, Chapter 12, pp. 298-307 Strategic Trade Policy
 - KOM, Chapter 10, pp. 271-276 Preferential Trade Agreements
 - KOM, Chapter 12, pp. 313-317 Trade and the Environment
 - KOM, Chapter 6, pp. 141-144 Trade Imbalances
 - KOM, Chapter 4, pp. 72-79 Migration
 - Exam Review
 - Final Exam