Course description

This course will analyze the causes and consequences of international trade. The first part of the course covers economic models used for the analysis of international trade policy issues. The second part of the course examines policies that governments adopt towards international trade and discusses more specific trade topics that have attracted special attention in recent years.

Some of the questions that will be addressed are: 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? What is the impact of trade on income inequality? Is there a role for strategic trade policy? How does trade affect the economies of developed and developing countries?

Course Grading

There will be a mid-term exam, counting for 40% of the grade and a final exam, counting for 60% of your grade.

I will hand out problems from time to time. We will discuss some of these in class. The midterm exam and the final exam will be drawn from these problems.

Course Materials

Required Reading

Optional
One of the most influential trade economists proves that the antiglobalization movement has exaggerated claims that globalization has done little good for poor countries:
A Nobel Prize winner and former chief economist and senior vice-president at the World Bank, Joseph Stiglitz presents a critical analysis of the main institutions that promote globalization--the International Monetary Fund, the World Bank, and the World Trade Organization:


**Course outline**

**Session 1.** What Is International Economics About? World Trade Overview  
Chapters 1-2 - KO  

**Session 2.** Comparative Advantage: The Ricardian Model  
Chapter 3 - KO  

**Sessions 3-4.** Specific Factors and Income Distribution. Resources and Trade: The Heckscher-Ohlin Model  
Chapter 4 - KO  

**Session 5.** The Standard Trade Model  
Chapter 5 - KO

**Sessions 6-7.** Economies of Scale, Imperfect Competition, and International Trade  
Chapter 6 - KO  

**Session 8.** Midterm exam

**Session 9.** International Factor Movements. Migration and Foreign Direct Investment.  
Chapter 7- KO  


**Session 10.** The Instruments of Trade Policy  
Chapter 8 - KO  

**Session 11.** The Political Economy of Trade Policy  
Chapter 9 – KO  

**Session 12.** Trade Policy in Developing Countries  
Chapter 10 KO  

**Session 13.** Controversies in Trade Policy  
Chapter 11 - KO  