GEORGETOWN UNIVERSITY
ECON 484: Political Economy of Trade Policy
Spring 2005

Lectures: Tuesday and Thursday, 8:50-10:05 am in WGR 204
Professor: Anna Maria Mayda
Office: 552 Intercultural Center
Phone: (202) 687 6712
Email: amm223@georgetown.edu
Web Page: http://www.georgetown.edu/faculty/amm223/
Office Hours: Tuesday and Thursday, 10:15 – 11:15 in ICC 552 (except for 1/17, 1/19, 1/24, 1/26: on these dates, office hours will be at 12:00 – 1:00). I am happy to talk with you outside office hours. It's a good idea to send me an email beforehand (to make sure I am available).

Honor Code
A student found in violation of the Georgetown Honor Code will receive an F for the course, in addition to any penalties imposed by the Honor Council. The Honor Council can be found at http://www.georgetown.edu/honor/.

Course Description
This course will focus on the political economy of international economic integration, that is globalization, in particular on trade policy and migration policy. The course begins with an overview of the effect of free trade on welfare and income distribution in standard trade models (Ricardian model, Heckscher-Ohlin model, Specific-Factors model). Next, we study trade policy (tariffs, quotas, export subsidies, etc.) in theory and in practice, which leads to an inquiry into the processes by which trade policies are formed. We examine both domestic political determinants of trade policy and models of international trade relations. The second part of the course focuses on the political economy of migration policy. We first investigate the relationship that links the two dimensions of globalization, trade and immigration. Next, we explain the role of migration policy in shaping international migration flows. Finally, we develop a political-economy model of migration policy and investigate its components.

Grading
Your grade will be based on two exams (a midterm and a final), on class participation and a class presentation. The weight applied to each assignment in determining the course grade is:

Midterm exam: 20%
Class presentation: 20%
Class participation: 20%
Final exam: 40%

Midterm exam: Please note that the date of the midterm cannot be moved. I will allow exceptions only in the case of illness, family emergency, or participation in a University-sponsored event. In these instances, you will need to contact me beforehand. You will also need to document your reason for rescheduling the exam: a note from your physician or a phone call from your Dean will be adequate documentation.

Class presentation: Each of you will give an in-class presentation on a paper of your choice among those denoted * in the reading list. The class presentation will include both a description and a critical evaluation of the paper, as well as ideas for extensions of the paper.
**Class participation:** You should read the papers and chapters covered in class before the lecture and actively participate in class during the lecture. In addition, on the evening before some classes, you will be asked to send me an email with some comments on the paper that will be covered in class, denoted by * (Please write Econ 484 on the subject of the email.) The email should be short and should briefly address the following points: why the paper is important (or why not); a description of the main features of the paper; what you liked – or did not like – about the paper; what parts of the paper were not clear or need further explanation.

**Final exam:** The final exam is cumulative. If you have an official conflict for the final exam, conflict exams will be held on TBA. Conflict exams must be approved by your Dean's office.

**Midterm Exam:** March 2, 8:50-10:05 am in WGR 204  
**Final Exam:** TBA

**Readings**

There are no required textbooks for this class. We will be using a number of book chapters and articles which will be available either on reserve at Lauinger Library, or as photocopies at the Department of Economics (Intercultural Center, fifth floor), or through the web. Some required chapters are from the following books:


COURSE OUTLINE (the specific dates are subject to change)

Part I – International Trade

A. Gains from trade and income-distribution effects in standard trade models

1. Ricardian model (1/12)
   - Krugman and Obstfeld, Chapter 2
   - Markusen et al., Chapters 6 and 7
   - Feenstra, Chapter 1 (pp. 1 – 4)

2. Heckscher-Ohlin model (1/17, 1/19)
   - Krugman and Obstfeld, Chapter 4
   - Markusen et al., Chapter 8
   - Feenstra, Chapters 1 (pp. 4 – 30), 2 (pp. 31 – 35)

3. Specific-Factors Model (1/24, 1/26)
   - Krugman and Obstfeld, Chapter 3
   - Markusen et al., Chapter 9
   - Feenstra, Chapter 3 (pp. 71 – 75)

B. Trade policy

4. Welfare Analysis of tariffs, quotas, export subsidies, etc. (1/31, 2/2, 2/7)
   - Krugman and Obstfeld, Chapter 8
   - Krugman and Obstfeld, Chapter 5, last section: "Tariffs and Export Subsidies: Simultaneous Shifts in RS and RD"
   - Feenstra, Chapter 7 (pp. 209 – 220)
   - Husted and Melvin, Chapter 8 (excluding pp. 224-230)

5. Political Economy of Protection: an overview (2/9)
6. Median-voter framework (2/14, 2/16)

- Feenstra, Chapter 9 (pp. 300 – 304)

7. Interest-group politics (2/21, 2/23)

- Feenstra, Chapter 9 (pp. 305 – 311)

8. Midterm Review Session (2/28)

9. Midterm Exam (3/2)

10. The Economics of the World Trading System (3/14, 3/16)


11. The Most-Favored-Nation Clause and Preferential Trade Agreements (3/21)


Part II – International Migration

C. International Migration


- Krugman and Obstfeld, Chapter 7, Section on Migration.

13. International Migration and Trade (3/30)

D. Migration Policy

14. The role of migration policy in shaping international migration flows (4/4)


15. Median-voter framework (4/6, 4/11)


16. Interest-group politics (4/18)


17. Migration Policy in Practice (4/20)


18. Class presentations (4/25, 4/27)