Lectures: Tuesdays and Thursdays, 1:15-2:30 pm in WAL 397
Professor: Anna Maria Mayda
Office: 552 Intercultural Center
Phone: (202) 687 6712
Email: amm223@georgetown.edu
Web Page: http://www9.georgetown.edu/faculty/amm223/
Office Hours: TBA. 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).

Teaching Assistant: Rhonda Lee Ferns
Email: rlf38@georgetown.edu
Office Hours: TBA

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://gervaseprograms.georgetown.edu/honor/.

Course Description
This class is divided into two parts. In part I, we will study models of trade - the Ricardian model, the specific-factors model, the Heckscher-Ohlin model and the increasing-returns-to-scale model - to understand the patterns, determinants, and consequences of international trade. Topics covered in this part include the effect of trade on wages and income distribution and the relationship between trade and immigration, which represent alternative dimensions of the process of international integration. In Part II we will analyze the tools used by governments to conduct trade policy (e.g., tariffs and quotas) and their impact on trade volumes and welfare. We will also investigate the political economy of governments' trade policy decisions and of the world trading system, with special emphasis on the WTO and on preferential trade agreements.

Grading
There will be four problems sets and two exams - a midterm and a final. In addition, at the end of the semester, each of you will take part in a trade debate, which will be on the same topic as your final paper. The weight applied to each assignment in determining the course grade is:

Problem sets: 20%
Midterm exam: 20%
Trade debate (including final paper): 20%
Final exam: 40%

Problem sets: They must be turned in, at the latest, at the beginning of class on the due date (please see due dates below). I will post solutions to the problem sets on Blackboard immediately
after they are due. As a result, I will not accept problem sets that are turned in late. However, each student's problem set with the lowest grade will be dropped.

**Trade Debates:** Each of you will be randomly assigned to a team. You will be given a topic and a position in the debate (pro or con), which you need to research and argue. Each team must engage the opposing team in a 30-minute, in-class debate. Finally, each student will write a 5-page memo on the topic of his/her trade debate. Memos are due 12/8 (last day of class).

**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.

**Final exam:** If you have an official conflict for the final exam, conflict exams will be held on Tuesday, 12/22 at 12:30 pm – 2:30 pm. Conflict exams must be approved by your Dean's office.

**Due Dates of Problem Sets:** PS#1 (9/24), PS#2 (10/1), PS#3 (10/8), PS#4 (11/12)

**Midterm Exam:** Tuesday, October 13, class time

**Final Exam:** Tuesday, 12/15 at 4:00 pm – 6:00 pm

**Readings**


**COURSE OUTLINE**¹ (all the material in the course outline is required, except otherwise noted)

**Part I. FUNDAMENTAL DETERMINANTS OF INTERNATIONAL TRADE**

1. **Introductions** (9/3)
   - **The Pattern of Trade: An Introduction to the Data**
     - Krugman and Obstfeld, Chapters 1 and 2
     - Husted and Melvin, Chapter 1

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¹ The course outline is based on chapter numbers of the *Eighth* Edition of Krugman and Obstfeld, except otherwise noted.
• Rodrik, Dani (1997), Has Globalization Gone Too Far, Chapter 1 (Introduction)

2. **The Standard Trade Model** (9/8, 9/10)
   • Krugman and Obstfeld, Chapter 5 up to page 103 (that is, excluding "Tariffs and Export Subsidies: Simultaneous Shifts in RS and RD")

3. **Technological Differences: The Ricardian Model** (9/15, 9/17)
   • Krugman and Obstfeld, Chapter 3
   • Krugman, Paul (1996), "Ricardo's Difficult Idea"

4. **Factor Abundance Differences (I): The Specific-Factors Model** (9/22, 9/24)
   • Krugman and Obstfeld, Chapter 3 from Sixth Edition of Krugman and Obstfeld (Appendix included)

5. **Factor Abundance Differences (II): The Heckscher-Ohlin Model** (9/29, 10/1, 10/6)
   • Krugman and Obstfeld, Chapter 4 up to page 75 (Appendix included)

6. **Midterm Exam Review Session** (10/8)
   • Krugman, Paul (1993), "What Do Undergrads Need to Know about Trade?," American Economic Review (in Pop Internationalism)

7. **MIDTERM** (10/13)

8. **Empirical Evidence on International Trade Models** (first half of 10/15)
   • Krugman and Obstfeld, Chapter 4 (from page 75 on)
   • Husted and Melvin, Chapter 5 (up to page 133)
   • Rodrik, Dani (1997), Has Globalization Gone Too Far, Chapter 2 ("Consequences of Trade for Labor Markets and the Employment Relationship")

9. **Economies of Scale and Imperfect Competition** (second half of 10/20, 10/22)
   • Krugman and Obstfeld, Chapter 6

10. **International Migration** (10/27)
    • Krugman and Obstfeld, Chapter 7 (up to page 160)
    • The Economist (2002), "The longest Journey: A Survey of Migration"
    • The New York Times Magazine (2006), "The Immigration Equation"

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2 To better understand the Standard Trade Model, you can also read Chapter 2 in Husted and Melvin (not required).
Part II. TRADE POLICY

11. **Trade Policy Theory** (10/29, 11/3)
   - Krugman and Obstfeld, Chapter 8
   - Krugman and Obstfeld, Chapter 5 (from page 103 on): "Tariffs and Export Subsidies: Simultaneous Shifts in RS and RD"

12. **The Political Economy of Trade Policy** (11/5, 11/10)
   - Krugman and Obstfeld, Chapter 9 (up to page 227)
   - Rodrik, Dani (1997), *Has Globalization Gone Too Far*, Chapter 3 ("Tension between Trade and Domestic Social Arrangements")

   - Krugman and Obstfeld, Chapter 9 (from page 227 on)
   - Husted and Melvin, Chapter 8 (pages 224-230)
   - Hoekman and Kostecki, Introduction, Part I, Part II, Part IV-Chapter 10
   - WTO website (2006), "Understanding the WTO"

14. **US Trade Policy and Trade Policy in Developing Countries** (11/19)
   - Krugman and Obstfeld, Chapter 10
   - Husted and Melvin, Chapter 8 (excluding pages 224-230)
   - Dollar, David and Aart Kraay (2001), "Trade, Growth and Poverty," *Finance and Development*

15. **Trade Debates** (12/1, 12/3)
    Information on the topics of the trade debates and corresponding required readings will be handed out later in the course.

16. **Final Exam Review Session** (12/8)