

**GEORGETOWN UNIVERSITY
SCHOOL OF FOREIGN SERVICE – QATAR**

**TOPICS IN INTERNATIONAL TRADE
ECON 384**

Fall 2009

Sundays, 4:45pm to 6:15pm in room A136

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GENERAL DESCRIPTION

Topics in International Trade is a seminar that meets once a week. Through seminal articles and case studies in trade, we cover a wide range of topics that are of interest to economists and policy-makers.

We start the course by analyzing the outcome of trade policies such as import tariffs, quota, and voluntary export restraints. Then, we examine how trade affects growth, income inequality, the environment, and quality of output. Finally, we show how trade can explain why developed countries are more productive, and why prices in rich countries are higher than prices in poor countries. Next, we move on to International Finance. We study the linkages between globalization and inequality and also discuss whether China should revalue the Renminbi and analyze global imbalances. Most of the material for the course comes from academic articles and case-studies.

REQUIRED TEXTBOOK

There are no required textbooks for this course, although we will go over Chapter 8 from the Krugman and Obstfeld textbook that you already have

REQUIRED READINGS

Most of the material for the seminar come from academic papers and case studies. The academic papers present the key contributions in each corresponding field. Some of the papers can be challenging to fully understand, either because the empirical part is very technical, or the theoretical framework is complex. For the purposes of this class, however, we do not need to go into a lot of detail. What you will be expected to know is the main contribution of the paper. That is, you should know what the main question is, why it is of interest, why the question has not been fully addressed in the literature, and what the finding or claim of each paper is. The reason why these papers are assigned, is so that we can see how by abstracting from all the technicalities we can still appreciate the contribution of these papers. We also gain some insights on doing research.

EXPECTATIONS

Each student is expected to attend each class. One absence will be excused, but every subsequent absence will be punished with a reduction of the final grade by half grade. Attendance will be taken in the beginning of each class, and late arrival to class will count as absence.

Each student is expected to read the papers and case studies before coming to class and have good understanding of reading material. At the beginning of each class, the student has to hand in a one-page (typed) summary of each reading assignment.

Each student is expected to participate in class with comments, questions, and answers.

CASE STUDY

The students are expected to split in groups of present on a topic of interest. This semester, the focus of the presentation is the Boeing – Airbus trade disputes. The students will be split into three teams. Team I is the EU team and represents Airbus. Team II is the US team and represents Boeing. Team III is the WTO team of judges that will do the hearings on the case and give a ruling. More information on the case study will be given in class.

EXAMS, PROBLEM SETS AND CLASS PARTICIPATION

20% - Class participation

50% - Typed summaries of reading assignments

30% - Final Exam

10% - Case Study

A make up exam or assignment will be given only under extraordinary circumstances.

OFFICE HOURS

Office hours are on Sundays after class, from 6:20 to 8:00pm or by appointment.

READING LIST

August 23: Introductory Meeting

August 30: Trade Policy Review

- a. Krugman and Obstfeld, Chapter 8

September 6: Tariffs

- a. Case Study: "Can Florida Oranges Growers Survive Globalization?"
Goldberg Ray, and Hal Hogan, 2004 Harvard Business School

September 13: Quota

- a. The United States Sugar Quota Program: A Study in the Direct Congressional Control of Imports Author(s): David J. Gerber Source: Journal of Law and Economics, Vol. 19, No. 1 (Apr., 1976), pp. 103-147 Published by: The University of Chicago Press Stable URL: <http://www.jstor.org/stable/725315>
- b. Case Study: "Sugar Duddy: Quotas and the U.S. Government," Nabil Al-Najjar and Sandeep Baliga, Kellogg School of Management

September 27: Voluntary Export Restraints (VER)

- a. Voluntary Export Restraints on Automobiles: Evaluating a Trade Policy Author(s): Steven Berry, James Levinsohn, Ariel Pakes Source: The American Economic Review, Vol. 89, No. 3 (Jun., 1999), pp. 400-430 Published by: American Economic Association Stable URL: <http://www.jstor.org/stable/117026>
- b. Effects of the U.S.-Japan Auto VER on European Prices and on U.S. Welfare Author(s): Elias Dinopoulos and Mordechai E. Kreinin Source: The Review of Economics and Statistics, Vol. 70, No. 3 (Aug., 1988), pp. 484-491 Published by: The MIT Press Stable URL: <http://www.jstor.org/stable/1926787>

October 4: The Political Economy of Trade Policy

- a. Krugman and Obstfeld, Chapter 9
- b. Trade Liberalization: The Case of the Rice Market in Hong Kong

October 11: Globalization, Inequality, and Poverty

- a. Distributional effects of Globalization in Developing Countries
- b. Globalization, Poverty, and Inequality

October 18: Trade and the Environment

- a. Bridging the Trade-Environment Divide
- b. Global Environment and Trade Policy

October 25: Trade and Currency Unions

- a. One money one market

November 1: Optimal Currency Areas

- a. Optimal Currency Areas

b. The Political Economy of the European Economic and Monetary Union

November 8: An Evaluation of the EMU

- a. Breakup of the Euro Area**
- b. EMU and International Conflict**

November 15: Pharmaceuticals and the Developing World

- a. Pharmaceuticals and the Developing World**
- b. Creating Market for Vaccines**

November 22: Boeing – Airbus Presentation

- a. Student' presentation/Debate**
- b. Q&A session with Qatar Central Banks experts on the GCC Monetary Union**

December 6: Final Exam Review