

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

**TOPICS IN INTERNATIONAL TRADE
ECON 384**

Fall 2010

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 split in three groups. A controversial topic in trade is chosen, and the students are asked to investigate it in detail. More specifically, one team will have to support one popular view on the topic. The second team will have to support the opposite view. The third team will form the panel of judges that will hear the presentations of each team on November 21 and will ask tough questions and decide which team is more convincing. An external panel of judges, along with me, will attend the presentation and grade the performance of each team.

The topic will be given to the students on Aug 29. Last semester, the students did the project on the Boeing-Airbus trade disputes. Guests from Qatar Central Bank attended the presentation.

EXAMS, PROBLEM SETS AND CLASS PARTICIPATION

20% - Class participation

40% - Typed summaries of reading assignments

20% - Midterm Exam

20% - Case Study

Important: No make-up exam will be given.

OFFICE HOURS

Office hours are on Sundays and Tuesdays from 2:00pm to 3:00pm and by appointment.

READING LIST

August 22: Introductory Meeting

August 29: Trade Policy Review

- a. Krugman and Obstfeld, Chapter 8

September 5: Tariffs

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

September 19: 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 26: 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 3: 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 10: Trade and the Environment

- a. Bridging the Trade-Environment Divide
- b. Global Environment and Trade Policy
- c. Article on International Emissions Trading

October 17 November 7: Globalization, Inequality, and Poverty

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

October 24: Pharmaceuticals and the Developing World

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

November 7: MID-TERM EXAM

November 14: Optimal Currency Areas, An Evaluation of the EMU

- a.** Optimal Currency Areas
- b.** The Political Economy of the European Economic and Monetary Union

November 21: TBD (based on students' interests)

- a.** Reading material 1
- b.** Reading material 2

November 28: Project Presentation

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