INTERNATIONAL TRADE
TU-TH 10:30 - 12:20
SAV 249

Instructor: Michelle Turnovsky (mturn@u.washington.edu)
Savery 229

Office Hours: M 2:30 – 3:30 and W 10:30 – 11:30
By appointment (additional hours will be posted before exams)

Course Overview:
Using the tools of microeconomic analysis, this course explores the basis and pattern of trade as well as the welfare and distributional impacts of free trade among countries. Further topics include the barriers to trade, the reasons for limiting trade, economic integration, and some of the current trade policy issues. Systematic study of the material in this course helps students develop the skills necessary to gain insight into the workings of an open economy as well as the state of the past and current international economic order. The basic approach is theoretical, yet numerous applications and examples will be presented.

Text:
MHT Notes – Powerpoint slides
Reader – collection of articles
Optional: Krugman and Obstfeld, International Economics - Theory and Policy (Addison-Wesley)

Course Outline:
Introduction

Part I International Trade Theory
Comparative Advantage - the Ricardian Model
Specific Factors and Income Distribution
Resources and Trade - the Heckscher-Ohlin Model
The Standard Trade Model
Economies of Scale - Imperfect Competition
International Factor Movements (time permitting)

Part II International Trade Policy
The Instruments of Trade Policy
The Political Economy of Trade Policy
Economic Integration: the European Experience
Trade Policy in Developing Countries
Controversies in Trade Policy (time permitting)
COURSE REQUIREMENTS

READINGS: You are also advised to read the Economist and/or the Financial Times where current issues in international trade are analyzed as they occur.

ASSIGNMENTS: There will be 5 assignments (HW) during the quarter (the questions will be available one week ahead). Completed assignments must be turned in at the beginning of class. The grading will be based on the 4 best scores.

REVIEW PROBLEMS: Review problems (RP) are assigned before each exam and explained in the class just prior to the exam. RP are not handed in by the students nor are they corrected.

EXAMS: There will be 3 non-comprehensive exams. Each of the exams will consist in multiple choice questions, short answer questions, problems, and analytical questions.

Dates: TBA

GRADE: The following weighting will be applied:

Assignments: 10% (2% each)
Exams: 90% (30% each)

PAPER/W-COURSE: You may take this course as a W-Course. In such case, you will have to write a 10-page paper with a first draft. You must discuss the scheduling with your instructor.

REMARK: If you have any difficulty with the material or any problem, feel free to see your instructor during office hours or by appointment as soon as possible because the material covered in this course becomes more complex overtime and is based on your overall understanding from week to week. It is thus essential to do the reading assigned in the textbook on a regular basis and to work out the practice problems.

PREREQUISITES: Econ 300 and Econ 301 (Intermediate Micro and Intermediate Macro) or consent of the instructor. A strong background in microeconomic theory at the intermediate level is essential, but intermediate macro is also a requirement for the course.