

Econ 283 Sample Syllabus

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(Please note that email is a poor substitute for interaction by phone or in my office. In any event, I cannot guarantee that I can answer an email within 24 hours.)

GENERAL DESCRIPTION

This course is an introduction to international trade theory and policy. The aim of the course is to provide students with the theoretical background in economics that will allow them to analyze current trade policy questions. Material covered includes economic theory but also institutions and legal frameworks that govern the current international trading system. For example, students will understand both the economic impact of free trade agreements but also current US approaches to these agreements and the WTO rules that influence how they are negotiated.

It is primarily intended for graduate students in departments other than economics. We cover a lot of material, both theoretical and policy-based. You will need to be willing to work diligently from the very beginning.

Prerequisites

The minimum prerequisite for this class is good current knowledge of micro- and macroeconomics principles. The recommended background is Econ 217 or the equivalent (intermediate microeconomic theory) but this is not strictly necessary. Students are also presumed to be able to think abstractly, use simple algebra, and interpret and manipulate graphs.

Blackboard

Much of the information in this course will be available through Blackboard (blackboard.gwu.edu). Lectures will use Powerpoint presentations extensively. I will make available shortened versions of the Powerpoint slides but these are by no means not substitutes for notes taken during class.

Course Content

The course will include the neoclassical arguments for a liberal trade regime in the context of constant-returns-to-scale (two-good, two-factor) general equilibrium models. We will also address explicitly the income distributional effects of trade as articulated in the Stolper-Samuelson theorem and the short-run specific-factors model. These results

will then be linked to political pressures for government trade intervention. Alternative theories based on the product-cycle, overlapping demand, increasing returns to scale, and monopolistic competition will also be introduced.

The next major section will use partial equilibrium tools to explain the economics of trade intervention on both the import and export side. We will then turn to the arguments for and against trade intervention. A special section will analyze arguments for intervention in the case of imperfect competition in world markets. This will introduce some of the recently-published work in so-called strategic trade policy. Arguments about alleged unfair trading practices will also be evaluated.

We will also review some of the implications of international capital mobility, most notably the effects of foreign direct investment.

In the trade policy section of the course, we will introduce both multilateral and US trade policy institutions. There will also be discussions about regional trade agreements.

In the final section, we will introduce how developing countries are affected by international trade.

Required Text:

International Economics, Appleyard and Field, Fourth Edition, Irwin, [AF on syllabus]

Other useful information:

Online web-based textbook: The International Economics Study Center

[<http://internationalecon.com/>]

This site is written and maintained by Prof. Steve Suranovic of GWU. It also contains some very interesting links.

Websites with useful trade policy material:

<http://www.ictsd.org/weekly/index.htm>

<http://insidetrade.com/>

<http://news.ft.com/world/economy>

COURSE GRADING

Midterm [40%]

A midterm will take place on October 25.

Occasional assignments [10%] Students will also receive data-related assignments on an irregular basis.

Final Examination [50%]

An in-class comprehensive examination will be held on December 13.

No makeup exams will be given without prior approval. Students failing to do so will receive a zero for the work unless a written excuse is provided. No exceptions to this will be permitted.

Material presented after the deadline will not be accepted.

The GWU Code of Academic Integrity (<http://www.gwu.edu/~ntegrity/code.html>) is an essential part of ensuring that GWU students work is evaluated appropriately. All students in this course, and any course at GWU, are bound by the responsibilities and rights of that Code.



Tentative reading list

Introduction and Preliminaries	Chs 1 and 2 of AF
Ricardian Model: Basic analysis of comparative advantage; importance of technological differences in trade outcomes	Ch. 3 of AF
Neoclassical model (e.g.); Income distribution effects of trade: Focus on the “workhorse” model of international trade. Analysis of overall impact of trade on GDP but with extensive analysis on the effects on wage and capital income as well as the distribution of income	Ch 5, 6, and 8 of AF
Alternative Trade Theories: Other models of international trade, including increasing returns, monopolistic competition, and gravity equation	Ch 10 of AF
Economic Effects of Tariffs: Analysis of the impact of tariffs on consumers, producers, and national welfare. Cases studies included on steel tariffs in the United States	Ch 13 of AF plus pp. 251-264 of Ch 14
Economic Effects of Non-tariff Barriers and Export Intervention: Focus on quotas and quantitative restrictions. Export interventions include export taxes and export subsidies.	Ch 14 of AF (remaining pages)
Arguments for trade intervention: Analysis of market failures and efficient policies in their presence. Externalities and infant industry arguments	Ch 15 and 16 of AF
The WTO and US Trade Policy: US trade policy history, current trade institutions and trade law.	Ch 17 of AF
Free Trade Agreements (regional and bilateral): Analysis of the economic costs and benefits of preferential trade agreements.	Ch 18 of AF
Multinational Corporations and Foreign Direct Investment: Role of private investment in economic outcomes in the developed and developing world.	Ch 12 of AF
Trade and Development: Theory and evidence about the implications of trade liberalization on economic outcomes in developing countries.	Ch 19 of AF