Course Objectives

The objective of this course is to provide students with the ability to analyze policy issues related to international trade. The course will begin with an introduction to the main theories of international trade, which seek to explain why countries trade, what countries trade, and who gains and loses from trade. Next, we will discuss the instruments of trade policy, their effects on resource allocation and the political economy forces that shape the choice of trade policies.

The later parts of the course will address policy issues of current and ongoing concern, including the trends in offshoring and outsourcing, the relationship between trade and growth, the relationship between trade and the environment, and the processes of multilateral and regional trade integration.

Instructors

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Requirements and Grading

WWS 511c or its equivalent is a prerequisite for the course.

Course requirements:

- 4 Problem sets (25%)
- Oral and written presentation and critique of a recent research paper (25%)
- Final Examination (50%)
I. GLOBALIZATION IN HISTORICAL PERSPECTIVE


II. WHAT AND WHY DO COUNTRIES TRADE?

A. POTENTIAL GAINS FROM INTERNATIONAL TRADE


B. INTER-INDUSTRY TRADE: ENDOWMENTS, TASTES, AND TECHNOLOGY

CFJ, pp.59-69, 95-98, 99-103, S24-S26

C. INTRA-INDUSTRY TRADE: ECONS OF SCALE AND IMPERFECT COMPETITION

CFJ, pp. 121-131

III. WHO GAINS AND WHO LOSES?

A. THE DISTRIBUTIONAL EFFECTS OF TRADE

CJF, pp. 103-106, S22-S24, 79-84

B. THE DISTRIBUTIONAL EFFECTS OF OFFSHORING


C. TRADE AND WAGES: THE EVIDENCE


D. TRADE, INEQUALITY AND POVERTY: THE EVIDENCE

Robert Z. Lawrence, Blue-Collar Blues: Is Trade to Blame for Rising US Income Inequality, Peterson Institute for International Economics, chs.2-5. (Note: Online version does not allow printing.)


International Monetary Fund, “Globalization and Inequality,” ch.4 in World Economic Outlook, October 2007.

IV. THE POSITIVE AND NORMATIVE THEORY OF PROTECTION

A. TRADE POLICY AND RESOURCE ALLOCATION

CJF, pp.169-177


Gary Hufbauer and Kimberly Elliot, Measuring the Costs of Protection in the United States, Institute for International Economics, 1994, ch.1,2
B. THE FIRST-BEST MONOPOLY TARIFF

CJF, pp.177-181, S27-S30


C. TRADE POLICY AND OLIGOPOLY PROFITS

HK, pp. 49-56, 83-115, 155-168

D. THE SECOND-BEST ARGUMENT FOR PROTECTION


E. ADMINISTERED PROTECTION


V. THE POLITICAL ECONOMY OF PROTECTION


VI. TRADE, GROWTH AND DYNAMIC PERFORMANCE

A. INFANT INDUSTRIES


B. TRADE AND GROWTH


VII. TRADE AND THE ENVIRONMENT


VIII. ECONOMIC INTEGRATION

A. TRADE AGREEMENTS AND THE WTO


Joseph Francois, “Doha Round Failure: This is the way the round ends …” VoxEU, August 1, 2008.

**B. THEORY OF CUSTOMS UNIONS**

