Economics 352: International Trade
Spring 2007


Course Description and Pre-requisites: This course will analyze the causes and consequences of international trade and investment. We will investigate why nations trade, what they trade, and who gains from this trade. We will then analyze the motives for countries or organizations to restrict or regulate international trade and study the effects of such policies on economic welfare.

Although the course will emphasize the understanding of past and current events in the world economy, we will rely on formal economic modeling to help us understand these events. We will therefore extensively use micro-economic tools that you have learned in your introductory microeconomics classes. It is very important that you not only be familiar with these tools and models, but that you also feel comfortable using and manipulating them.

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Office Hours: Monday 11-12, Thursday 12-1.
Preceptors: Raphael Schoenle
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Office hours of the preceptor will be announced shortly

Required Texts: Feenstra and Taylor, International Economics. Note that this book is not yet published. The relevant chapters have been photocopied and assembled in course packet form by Pequod Communications. Irwin, Free Trade Under Fire, 2005 will also feature prominently in the reading list and can be acquired at the bookstore.

Evaluation:

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<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tr>
<td>Homework</td>
<td>30 percent</td>
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<tr>
<td>Midterm Exam</td>
<td>25 percent</td>
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<tr>
<td>Final Exam</td>
<td>45 percent</td>
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Homework: There will be four assignments. Assignments will be passed out on a Monday and due in class the following Monday. The homework will be graded and returned, and the answer keys will be posted on the course blackboard page. The weakest of the four homework grades will be dropped. Late homework will not be graded. If exceptional circumstances arise that you feel warrant an exception to these rules then you must bring a letter or Email from McCosh or your Dean. The preceptor and I will not consider any exceptions for late homework and the like without such a written statement.
**Exam date:** The midterm exam will be held in class Wednesday, March 14th. The final exam will be held during the exam week.

**Course Outline and Reading List**

Readings in the textbook are abbreviated “F-T.” There other textbooks with useful treatments of the subject matter are (1) Krugman and Obstfeld, (2) Markusen, and (3) Ethier. With the exception of the chapters of Irwin, all the other readings will be made available on the course blackboard page. Other readings concerning current events may be posted on the blackboard site from time to time.

- **Introduction**
  Irwin, Chapter 1
  Krugman, “What do Undergrads Need to Know about Trade? AER 1993
  F-T, Chapter 2

- **Factor Endowments and Trade**
  F-T, Chapters 3 & 4
  F-T, Chapter 5

- **Increasing returns to scale**
  F-T, Chapter 10-3
  Lecture notes, “The Helpman-Krugman Version of Heckscher-Ohlin

- **Offshoring, Trade and Wages**
  F-T, Chapter 6
  The Economist, “Hard truths about helping the losers from globalization”
  Irwin, Chapter 4

- **Trade Policy**
  F-T, Chapters 7 & 8
  F-T, Chapter 9
  Irwin Chapter 3

- **Political Economy**

- **International Trade Agreements**
  F-T, Chapter 10
  Irwin, Chapters 5 & 7