

Econ 8616/4610: International Trade

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The exchange of goods and ideas have led to the improvement of most peoples' living conditions, and the availability of a wider set of goods and services at lower prices. This includes life-saving medicines, mobile phones for the unbanked, and solar lights for those off the grid. The growth of international demand has also led to entrepreneurs forming new businesses and people migrating to these new economically vibrant areas. However, there is a dark side to international exchange: People whose skills were no longer in demand lost work, uncompetitive firms closed, inequality widened in some areas, and some communities became economically stagnant.

Are you interested in understanding the role of international exchange in improving the human condition? From eradicating poverty and hunger to creating good jobs. How does one structure incentives and policies to maximize the benefits while minimizing the disruptions caused by international exchange? How can communities and governments work together to ensure the sustainable extraction and trade of resources such as minerals and fisheries, and fair pay and safe working conditions for workers?

These, and many other issues, will be covered in this course. Tentative coverage:

1. Introduction- Trade in Historical Context, New Silk Road, World Trade Organization
2. Trade in Final Goods
Includes comparative advantage, Ricardian (technology-based) model, Heckscher-Ohlin (factor endowments-based) model, specific-factor model, and the output, price, and welfare effects of trade.
3. Trade in Intermediate Goods, Value Added Trade, Global Supply Chains, Trade in Antiquities
Includes intra-industry trade, vertical trade, offshoring, global supply chains, and the role of multinational corporations in international trade.
4. Trade in Services
Includes countries' Services Commitments at the World Trade Organization and the four modes of service delivery, linkage between services and economic growth, and selling services to the world.
5. Trade policy—Trade policy instruments, their impacts, why nations restrict trade
Includes tariffs, quotas, export subsidies, agricultural subsidies, US agricultural policy (introduction), export taxes, antidumping duties, counter-veiling duties, world trading rules (introduction), World Trade Organization (introduction), WTO's dispute settlement mechanism, Fair Trade
6. Economic integration
Includes old and new NAFTA and recent developments related to free trade agreements.