ITRN 791 Trade Policy

ITRN 791 Advanced Trade Policy Analysis

Wednesdays, 7:20-10:00, Founders Hall


Kenneth A. Reinert

Phone: 703-993-8212
Email: kreinert@gmu.edu
Office: Founders Hall, 627
Office hours: Wednesday, 6-7 PM and by appointment.

Course Description

This course introduces the student to both international trade theory and trade policy analysis. It is intensive in graphical analysis. Schar School students should not take this course unless they have either done well in ITRN 504 or have taken PUBP 720. Students from other programs are welcome to take the course if they have completed the equivalent of intermediate microeconomics.

Learning Outcomes

Knowledge and Understanding: This course introduces the student to a more advanced treatment of trade theory than does ITRN 504 and emphasized how this theory helps us understand the reasons for and processes of international trade in goods and services.

Analytic Skills and Abilities: The course develops general equilibrium reasoning in microeconomics as shows how this reasoning can be applied to understanding the political economy of trade and trade policy analysis.

Professional Development and Leadership: The course further introduces the student to the lexicon of trade policy analysis, better preparing the student for potential employment in this field.
Main Texts


Aplia

Your access to the Feenstra textbook, along with problem sets, will be via Aplia. 1. Connect to [http://www.aplia.com/](http://www.aplia.com/). 2. If you already have an account, sign in. Go to your My Courses page, and click the *Enroll in a New Course* button. 3. If you don’t have an account, click the *Create a New Account* button, and choose *Student Account*. 4. Enter your Course Key when prompted: ___________. Continue to follow the on-screen instructions to access your course.

Other Useful Books


World Bank (undated) *A Guide to Trade Data Analysis*.

Course Requirements and Grading

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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Problem Sets</td>
<td>20%</td>
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<tr>
<td>Midterm exam</td>
<td>30%</td>
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<td>Final exam</td>
<td>30%</td>
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<tr>
<td>Class participation</td>
<td>20%</td>
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Course Outline and Readings

*Weeks 1 and 2: Introduction and Microeconomics of Closed and Open Economies (January 23 and 30)*

Feentra and Taylor, Chapter 1.

Ph.D. Students: Markusen et al., Chapters 2, 3, 4, 5, and 6.

*Aplia Graded Problem Set: “Introduction to Using Aplia Assignments,” Due Sunday February 3, 11:45 PM.*

Recommended:

Week 3: Ricardian Model (February 6)

Feenstra and Taylor, Chapter 2.

Ph.D. students: Markusen et al., Chapter 7. Ph.D. students.


Recommended:

Bhagwati, Panagariya, and Srinivasan, Chapters 2 through 4.


Week 4: Heckscher-Ohlin Model (February 13)

Feenstra and Taylor, Chapter 4.

Ph.D. students: Markusen et al., Chapter 8.

Aplia Graded Problem Set: “Trade and Resources, The Heckscher-Ohlin Model,” Due Sunday February 17, 11:45 PM.
Week 5: Specific Factors Model (February 20)

Feenstra and Taylor, Chapter 3.

Ph.D. students: Markusen et al., Chapter 9.

Aplia Graded Problem Set: “Gains and Losses from Trade in the Specific Factors Model,” Due Sunday February 24, 11:45 PM.

Recommended:

Bhagwati, Panagariya, and Srinivasan, Chapter 7.


Feenstra and Taylor, Chapter 5.

Ph.D. students: Markusen et al., Chapters 21 and 22.

Aplia Graded Problem Set: “Movement of Labor and Capital between Countries,” Due Sunday March 3, 11:45 PM.

Recommended:


Reinert, Chapters 9, 10 and 11.

Week 7: Midterm Exam (March 6)

Week 8: Spring Break (March 13)

Week 9: New Trade Theory: Increasing Returns to Scale and Imperfect Competition (20 March)

Feenstra and Taylor, Chapter 6.

Ph.D. students: Markusen et al., Chapters 11 and 12.

Aplia Graded Problem Set: “Increasing Returns to Scale and Monopolistic Competition,” Due Sunday March 24, 11:45 PM.

Recommended:

Bhagwati, Panagariya, and Srinivasan, Chapters 11 and 30.


**Week 10: Revealed Comparative Advantage, Gravity Models and Applied General Equilibrium Analysis (March 27)**

Feenstra and Taylor, Chapter 6.

Recommended:

Belassa, B. (1965) “Trade Liberalization and ‘Revealed’ Comparative Advantage,” Manchester School of Economic and Social Studies, 33:2, 92-123.


**Weeks 11 and 12: Trade Policy Analysis (April 3 and 10)**

Feenstra and Taylor, Chapters 8, 9 and 10.

Ph.D. Students: Markusen et al., Chapters 15 and 16.


**Aplia Graded Problem Sets: “Import Tariffs and Quotas under Perfect Competition,” Due Sunday April 21, 11:45 PM.**

Recommended:
Francois and K.A. Reinert (eds.) Applied Methods for Trade Policy Analysis: A

Reinert, R.S. Rajan, A.J. Glass and L.S. Davis (eds.) The Princeton

Import Restrictions in the Imperfect Substitutes Model,” Applied Economics 20:5,
691-700.

Week 13: No Class (April 15)

Week 14: Trade in Value Added and Global Value Chains (April 24)

Week 15: Review of Semester (May 1)

Week 15: Final Exam (May 8)

Relevant Journals

International Journal of Trade and Global Markets

International Trade Journal

Journal of Industry, Competition and Trade

Journal of International Economics

Journal of International Trade and Economic Development

Journal of World Trade

Review of International Economics

World Trade Review
Some Policies

No texting in class unless it is an emergency.

Exams are not “open book” or “open notes.”

There is no “extra work” that can be done for “extra credit.”

Students are responsible for obtaining notes from other class members if they miss a class.

The GMU honor code will be enforced. To be more specific: If I can show that a student cheated on an exam, that student will fail the course.

It is my personal policy not to discriminate among students based on race, ethnicity, religious faith, national origin, gender, sexual orientation, or physical ability (see below).

Academic Accommodation for a Disability

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through the DRC.