Tuesdays and Thursdays 8.30am to 9.45am
Lectures will be delivered at the above times over Zoom. They will be recorded and made available to all enrolled students in Sakai.

Instructor: Rafael Dix-Carneiro
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Office Hours: Tuesdays 5pm-6pm

Teaching Assistant: Chris Esposito
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Office Hours: Wednesdays 4pm-5pm

Description

This is a course on the economics of globalization and trade policy. Throughout the course we will introduce topics related to international trade that have been discussed or that are currently been discussed in policy circles and media outlets. Following the introduction of each topic, we will propose and study an economic framework to guide our analysis of the issue. At the end of the course, students are expected to critically think about trade- and globalization-related issues within formal economic frameworks.

This course is cross listed with PUBPOL 288. If you are a public policy student, please be advised that this is a course with emphasis on economic models. We will discuss policy relevant topics and you will be advised to read policy articles, podcasts and books, but these activities should be done on your own and at your discretion.

What will you gain?

Besides learning about the economics of international trade, the course provides a good opportunity to put your microeconomic theory skills to work on policy relevant questions. In addition, most international trade models rely on general equilibrium frameworks. One of the important legacies of an education in economics is to be able to think about policy questions within a general equilibrium framework. The course is a great opportunity to develop the ability to think in general equilibrium terms.

Main Textbook

Additional Readings

Elhanan Helpman “Understanding Global Trade,” Belknap Press


Highly Recommended

I highly recommend that, over the semester, you listen to the “Trade Talks” podcast run by Chad Bown (Senior Fellow at the Peterson Institute for International Economics) and Soumaya Keynes (Economics and Trade correspondent at The Economist magazine). The podcast discusses current issues in trade and often cites current economics research to analyze the issues of interest. Listening to the podcasts will be good for you to relate what we learn in class to real world issues and it will provide good material for the final project described below. You can find the podcast here: https://itunes.apple.com/us/podcast/trade-talks-piie/id1270804213?mt=2

At the beginning at each topic, I will introduce a real-world policy question. I will then invest some time presenting the key facts and background behind each question. Finally, we will study the problem posed through the lenses of an economic framework. Therefore, in order to study each of the main models of international trade, I will motivate the model with a real-world policy question and use the model as tool to formalize the question and to prescribe policy recommendations.

Some of the policy questions we will study in the course include: Why do countries trade? What goods do countries trade? How do trade and trade policy affect workers and labor market conditions? What are the effects of trade policies such as tariffs and quotas? Should developing countries use tariffs to jump-start growth? Should the US government combat offshoring of jobs to and imports from China?
Theory Contents of the Course

1. The Ricardian Model
2. The Specific-Factors Model
3. The Hecksher-Ohlin Model
4. Oligopoly Models
5. Increasing Returns to Scale Models
6. Monopolistic Competition
7. Heterogeneous Firms
8. Tariffs and Quotas with Perfect Competition
9. Tariffs and Quotas under Oligopoly
10. Infant-Industry Protection
11. Trade Creation and Trade Diversion (time permitting)

Grading

Your final course grade will be based on 5 problem sets given throughout the semester, a midterm exam, a final exam and a project based on the book “Free Trade under Fire,” by Doug Irwin. The project will involve writing a critical summary of the book. You will try to relate the contents of the book with the material seen in class and to the current debate on trade issues. Our Teaching Assistant, TBD, will hold three to four sessions over the semester to engage interested students in debates over issues covered in the book.

Problem Sets: 30%
Midterm exam: 25% (Thursday Oct 15th 9am ET – Oct 16th 9am ET)
Project: 15% (Deadline: Friday Nov 20th midnight)
Final Exam: 30% (Monday Nov 23rd 9am ET – Nov 24th 9am ET)

Policies

Late homework will not be accepted. Your lowest homework grade will be dropped. Regarding exams and problem sets: If a serious problem arises, you must let me know prior to the date of the exam or before homework is due, even if it is by email. No make-up exam or problem set deadline extension will be given without an official excuse from your dean. There will be no exceptions.