AED ECONOMICS 6200

INTERNATIONAL ECONOMICS AND POLICY

Instructor: Professor Ian Sheldon
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Class Location: Kottman Hall, 112
Time: Monday/Wednesday, 11.10 a.m.-12.30 p.m.

AEDE 6200 is an MS-level, three-credit hour course that focuses on international trade theory and its application to trade and policy issues. The course will expose students both to traditional economic analysis relevant to understanding issues relating to trade in commodities, new trade theories and their application, and other trade policy issues.

Course Objectives/Description:

- to understand the causes and gains from trade;
- to understand the role of imperfect competition in explaining trade patterns;
- to analyze trade at the firm level;
- to examine the welfare implications of trade policies;
- to understand the political economy of trade policy;
- how the GATT/WTO functions;
- to examine interaction between trade and other policies

Prerequisites:

Intermediate microeconomics
**Course Organization:**

The course is organized into two 1-hour/20 minute lectures per week. The course grade will be assigned on the basis of (a) *either* two article reviews or one article review and a research proposal, (b) discussion of an article in class, (c) mid-term examination 1 (Oct. 9, in class), and (d) mid-term examination 2 (Dec. 6, in class), with weights of 30%, 10%, 30% and 30% respectively. The journal article reviews, based on published journal articles of your choice, should each be 5 double-spaced pages, the only constraint being that the journal articles should relate to some topic in international economics. The research proposal should also be no more than 5 double-spaced pages including references. The article reviews/research proposal are due Friday, December 1.

**Academic Misconduct:**

Plagiarism and other forms of cheating will not be tolerated. University rules provide severe penalties for academic misconduct, ranging from course failure to dismissal from the university. University rules are found in the handbook used in all survey courses: "University Survey-A Guidebook and Readings for New Students."

**Disability:**

Students with disabilities that have been certified by the Office for Disabilities Services will be appropriately accommodated, and should inform the instructor as soon as possible of their needs.

**Text:**


**Journal Articles:**

Other assigned reading will come from selected journals and book chapters, copies of which will be placed on Carmen.
**COURSE OUTLINE:**

I. **Orthodox Trade Theory**

(i) **Basic Background:**

(a) General Equilibrium in Open and Closed Economies

(b) The Gains from Trade

*Reading:*


(ii) **The Causes and Effects of Trade:**

(a) Ricardian Theory

(b) Heckscher-Ohlin-Samuelson Model

*Reading:*


II. **New(er) Trade Theory**

(i) **Monopolistic Competition and Trade**

*Reading:*


(ii) Firms and Trade

*Reading:*


(iii) Outsourcing/Offshoring

*Reading:*


III. Trade Policy

(i) Analysis of Trade Policy:

Reading:


(ii) Export Policies and Food Prices:

Reading:


(iii) **Imperfect Competition and Trade Policy**

(a) Export Subsidies and Oligopoly

(b) Import Tariffs and Oligopoly

*Reading:*


(iii) **Political Economy of Trade Policy**

*Reading:*


(iv) Economics of the GATT/WTO

*Reading:*


(v) Regionalism vs. Multilateralism

(a) Preferential Trading Arrangements

(b) Spaghetti Bowls and Trade

*Reading:*


IV. Trade and the Environment

Reading:


