Instructor: Professor Ian Sheldon  
Location: Rm. 221. Agricultural Administration

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Class Location: Agricultural Administration, 246  
Time: Monday/Wednesday, 11.10 a.m.-12.30 p.m.

AEDE 6200 is an MAE/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) two article reviews, (b) discussion of an article in class, (c) mid-term examination 1 (Oct.8, in class), and (d) mid-term examination 2 (Dec. 5, 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 article reviews are due Friday, November 30.

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:

The basic text for the course is: J.R. Markusen, J.R. Melvin, W.H. Kaempfer, and K.E. Maskus (1995). International Trade: Theory and Evidence, which can be downloaded either from my web-page or Carmen.

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) Heckscher-Ohlin-Samuelson Model

(b) Ricardian Theory

Reading:


II. New(er) Trade Theory

(i) Monopolistic Competition and Trade

*Reading:*


(ii) **Firms and Trade**

*Reading:*


(iii) Evaluating the Gains from Trade

Reading:


(iv) 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:*


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

*Reading:*


(v) **Economics of the GATT/WTO**

*Reading:*


**(vi) Regionalism vs. Multilateralism**

(a) Preferential Trading Arrangements

(b) Spaghetti Bowls and Trade

*Reading*:


IV. Trade and the Environment

Reading:


