EC 4100 International Economics
Kevin H. O’Rourke Arts 3033 Office hours: Tuesdays 9-11 am.

This course will consist of two parts. The first half of the course provides an introduction to international trade theory, which uses the standard tools of microeconomics to analyse economic interactions between countries. The subject asks questions such as: what determines the level and composition of trade between countries? What are the effects of trade on consumer welfare and income distribution? What are the effects of tariffs, quotas, and other trade policies? What are the causes and consequences of migration and foreign direct investment?

Rules of the game
Mobile phones should be switched off in class. The final grade will be based on two midterm tests (10% each), and a final examination (80%). My midterm will be problem-based and may also use multiple choice questions, and will have minimal or no choice. Students are responsible for everything we cover in class. My strategy for ensuring that you cover the entire course will be to set individual exam questions in the final exam which cover topics from more than one part of the syllabus.


Tutorials
We will use tutorials to go through sample questions in FT.

Course outline

1. Introduction.
FT, Chapter 1.

FT, Chapter 2.

3. Trade and income distribution: specific factors model.
FT, Chapter 3.

FT, Chapter 4

5. Labour flows
FT, Chapter 5.

FT, Chapter 6.

7. Why economies trade: outsourcing and FDI
FT, Chapter 7.

8. Introduction to trade policy: protection under perfect competition.
FT, Chapter 8.

9. Protection under imperfect competition.
FT, Chapter 9.
10. Export subsidies.
FT, Chapter 10.

FT, Chapter 11.
Baldwin, R.E. 2006. Multilateralising Regionalism: Spaghetti Bowls as Building Blocks on the Path
to Global Free Trade. World Economy 29: 1451-1518.
Historical Perspective. In New Dimensions in Regional Integration, ed. J. de Melo and A.
Panagariya. Cambridge: Cambridge University Press.