

ECON 355/288: International Trade
Spring 2026

Tuesdays 8.30 am to 11.00 am (no classes on January 27th)

Location: Old Chemistry 001

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Office Hours: Tuesdays 11 am to 12 pm

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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 being 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

John McLaren “International Trade,” Wiley, First Edition

Doug Irwin “Free Trade Under Fire,” Princeton University Press

Additional Readings

Russell Roberts “The Choice: A Fable of Free Trade and Protection,” Prentice Hall

Elhanan Helpman “Understanding Global Trade,” Belknap Press

Dani Rodrik “The Globalization Paradox: Democracy and the Future of the World Economy,” W. W. Norton & Company

Joseph Stiglitz “Globalization and Its Discontents,” Norton Paperback

Paul Krugman, Maurice Obstfeld and Marc Melitz “International Economics: Theory and Policy,” Addison Wesley

Robert Feenstra “Advanced International Trade: Theory and Evidence,” Princeton University Press

Highly Recommended

I highly recommend that, over the semester, you listen to the following podcasts whenever they cover trade-related topics:

1. “Trade Talks”: Run by Chad Bown (Senior Fellow at the Peterson Institute for International Economics). This podcast is currently not active, but you can still access the episodes online. 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.
2. “The Economics Show”: Run by Soumaya Keynes (Economics columnist at the Financial Times). This podcast is similar to “Trade Talks”, but focuses on broader economic topics. It still covers international trade topics, so many episodes cover relevant topics for this course.
3. “Capitalism’t”: Run by Luigi Zingales (Professor at The University of Chicago Booth School of Business) and Bethany McLean (contributing editor for Vanity Fair magazine). Similar to “The Economics Show”, it focuses on broader economic topics, but sometimes on international trade.

We will share a list of relevant episodes from these podcasts so that you can prioritize what to listen.

At the beginning at each topic, I will introduce a real-world policy question. Sometimes this question will be posed in the context of current news or topics discussed in one of the three podcasts. 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, 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 (and Main References)

1. The Ricardian Model (McLaren, Chapter 2)
2. Increasing Returns to Scale Models, Monopolistic Competition, Heterogeneous Firms (McLaren, Chapter 3 and Krugman-Obstfeld-Melitz, Chapter 8)
3. Oligopoly Models (McLaren, Chapter 4)
4. The Specific-Factors Model (Krugman-Obstfeld-Melitz, Chapter 4)
5. The Heckscher-Ohlin Model (McLaren, Chapter 6)
6. Tariffs and Quotas (McLaren, Chapter 7)
7. The World Trade Organization (McLaren, Chapter 8)
8. Infant-Industry Protection (McLaren, Chapter 9)
9. Trade Policy with Imperfect Competition (McLaren, Chapter 10)
10. Offshoring (McLaren, Chapter 11)
11. Immigration (McLaren, Chapter 12)
12. Trade and the Environment (McLaren, Chapter 13)
13. Trade and Child Labor (McLaren, Chapter 14)
14. Preferential Trade Agreements (McLaren, Chapter 15)
15. Trade Deficit (McLaren, Chapter 16)
16. Trade and Exchange Rates (McLaren, Chapter 17)

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 essay of the book. This essay will focus on laying out a policy proposal for a current trade issue. For this, you will relate the contents of the book with the material seen in class to the current debate on trade issues. For instance, you can start by choosing a current trade issue from one of the podcast episodes, and use the material of the class and the content of the book to propose a policy to address the issue. The policy you propose must involve doing a critical review of the book's content. The project cannot have more than 8 pages, single-spaced, Times New Roman, 12pt. Quality more than quantity of pages will be preferred. Our Teaching Assistant will hold sessions over the semester to engage interested students in debates over issues covered in the book.

Problem Sets: 25%

Midterm exam: 25% (March 3th, 8.30 am - 11.00 am)

Project: 20% (April 24th, 6.00 pm)

Final Exam: 30% (April 28th, 9 am - 12 pm)

Problem Set Schedule (subject to change depending on our pace)

Problem Set 1: January 28th

Problem Set 2: February 11th

Problem Set 3: February 25th

Problem Set 4: April 1st

Problem Set 5: April 16th

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.**