

GEORGE MASON UNIVERSITY

## Econ 390—International Economics

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Professor:	Marian Moszoro [aka “Mariano”]
E-mail:	mmoszoro@gmu.edu
Office hours:	Wednesdays at 3:00pm–4:00pm in Mason Hall D151

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### Time and Venue

Wednesdays at 4:30–7:10pm

Music/Theater Building 1006

### Description

This course introduces students to the various topics of study in the field of international economics, including trade models, international finance, and international political economy. First, we will cover several trade models. Next, we will examine the role of governments and firms in international trade. Finally, we will examine trade policies and the effects of these policies.

### Objectives

After completion of the course, students will be able to:

- Understand the determinants of international trade
- Understand the impact of trade on corporations
- Understand the effects of trade policies
- Understand the political motives and constraints of trade policies

### Teaching Method

The course will be based on a series of lectures, class discussions, and Oxford debates. Active participation is encouraged.

Class rules: (a) no food, (b) no late entrance, and (c) no cell phones. Please limit the use in class of laptops to the indispensable minimum. You can survive with just an old-school notepad and a calculator.

### Readings

Required textbook: Paul R. Krugman, Maurice Obstfeld and Marc J. Melitz (2012). *International Economics: Theory & Policy*, 9th ed. Pearson [referred to as ‘KOM’; 10–11th editions are also ok].

Suggested: daily news from a business newspaper, e.g., *Financial Times* or *Wall Street Journal*.

Additional readings will be assigned *ad hoc* during the semester.

## Requirements and Grades

Grades will be based on 8–10 short quizzes (40%), mid-term and final exam scores (20% each), and class participation, debates, and assignments (20%). It is required to achieve at least 60% of the maximum score for a C-grade.

## George Mason University Honor System and Code

George Mason University's Honor Code requires all community members to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. Honor Code violations will be reported to the Honor Committee. Plagiarism is not accepted (statements from Macon web site: <http://mason.gmu.edu/montecin/plagiarism/htm#plagiarism>).

The use of electronic devices is prohibited during an exam or a quiz; failure to comply with this will result in your failure of the assignment and potentially the failure of the class. Make sure to familiarize yourself with the GMU Honor Code, which is stated in the George Mason University Undergraduate Catalog.

## Accommodations for students with disabilities

Please contact myself the Office of Disability Resources at 703-993-2474 prior to the first exam. All accommodations are to be arranged ahead of time through the Office of Disability Resources. The professor does not have the power to provide accommodations to the students on their own.

## Outline

- Aug 30, 2017     *Introduction to international trade and the gravity model of trade*, KOM Ch. 1–2  
Video on gravity model: <http://mruniversity.com/courses/international-trade/gravity-equation-and-cost-trade>
- Sept 6, 2017     *Ricardian model*, KOM Ch. 3  
Video on comparative advantage: <http://mruniversity.com/courses/international-trade/comparative-advantage>  
Exercise: <http://www.mruniversity.com/courses/international-trade/comparative-advantage-2-homework>  
Evidence: <http://www.mruniversity.com/courses/international-trade/evidence-comparative-advantage-japan>
- Sept 13, 2017     *Specific factors model*, KOM Ch. 4  
Reading: Economics of the Populist Backlash (by Dani Rodrik, VOX CEPR's Policy Portal, 02 July 2017, <http://voxeu.org/article/economics-populist-backlash>)  
Videos: <http://mruniversity.com/courses/international-trade/specific-factors-models> and <http://www.mruniversity.com/courses/international-trade/factor-price-equalization>
- Sept 20, 2017     *Heckscher-Ohlin model*, KOM Ch. 5  
Video: <http://mruniversity.com/courses/international-trade/heckscher-ohlin-theorem>  
Evidence: <http://www.mruniversity.com/courses/international-trade/evidence-heckscher-ohlin-theorem>

- Sept 27, 2017     *The standard trade model*, KOM Ch. 6  
Video on trade theories: <http://www.mruniversity.com/courses/international-trade/what-stake-trade-theories>
- Oct 4, 2017     *Oxford debate: Brexit—“Exit” (Affirmative) versus “Stay” (Negative)*  
Discussants should use concepts from trade models covered in previous classes.  
Rules: [http://www.moszoro.net/docs/Oxford\\_debate\\_guidelines.pdf](http://www.moszoro.net/docs/Oxford_debate_guidelines.pdf);  
Example: <https://www.youtube.com/watch?v=8K222vPeflg>
- Oct 11, 2017     Mid-term exam
- Oct 18, 2017     *Intra-industry trade*, KOM Ch. 7  
Video on the division of labor: <http://mruniversity.com/courses/everyday-economics/division-labor-burgers-and-container-ships>
- Oct 25, 2017     *Inter-industry trade*, KOM Ch. 8  
Video on the division of labor: <http://mruniversity.com/courses/everyday-economics/division-knowledge-medicine-specialities>
- Nov 1, 2017     *The instruments of trade policy*, KOM Ch. 9  
Article on the U.S. history of protectionism:  
<http://www.cato.org/publications/commentary/truth-about-trade-history>
- Nov 8, 2017     *The political economy of trade policy*, KOM Ch. 10  
Assignment paper (max. four pages, 1600 words). Tentative topics:
- Is the WTO Passé? (by Kyle Bagwell, Chad P. Bown, and Robert W. Staiger, *Journal of Economic Literature* 2016, 54(4), 1125–1231, <http://dx.doi.org/10.1257/jel.20151192>)
  - Testing the General Validity of the Heckscher-Ohlin Theorem (by Daniel M. Bernhofen and John C. Brown, *American Economic Journal: Microeconomics* 2016, 8(4): 54–90, <http://dx.doi.org/10.1257/mic.20130126>)
  - Trade and the Global Recession (by Jonathan Eaton, Samuel Kortum, Brent Neiman, and John Romalis, *American Economic Review* 2016, 106(11): 3401–3438, <http://dx.doi.org/10.1257/aer.20101557>)
  - Does Trade Liberalization with China Influence U.S. Elections? (by Yi Che Yi Lu Justin R. Pierce Peter K. Schott Zhigang Tao, NBER Working Paper 22178, <http://www.nber.org/papers/w22178>)
  - Economics of the Populist Backlash (by Dani Rodrik, VOX CEPR’s Policy Portal, 02 July 2017, <http://voxeu.org/article/economics-populist-backlash>)
  - Free trade v populism: The fight for America’s economy (by Shawn Donnan, *Financial Times*, September 22, 2016, <https://www.ft.com/content/9f558874-7fe2-11e6-8e50-8ec15fb462f4>)
  - Tourists: China’s New Political Weapon (by Clay Dillow, *Fortune*, June 15, 2017, <https://www.scribd.com/article/351071501/Tourists-China-S-New-Political-Weapon>)
  - U.S. subsidies by government lending (<http://www.cato.org/multimedia/media-highlights-tv/veronique-de-rugy-discusses-importexport-bank-subsidy-beneficiaries>)
- Teams up to three members. Papers in PDF format should be submitted via email by November 8, 2017 at 8pm EST. Bonus points will be given to papers published in open-access blogs, in which case it suffice to send the link to the blog via email.

- Nov 15, 2017     *Trade policy in developing countries*, KOM Ch. 11  
Video: <http://www.mruniversity.com/courses/international-trade/who-gains-fdi>
- Nov 22, 2017     Holiday—Thanksgiving
- Nov 29, 2017     *Controversies in trade policy*, KOM Ch. 12  
Video: <http://www.mruniversity.com/courses/international-trade/who-supports-free-trade>
- Alternatively     *Oxford debate: TBA*  
Rules: [http://www.moszoro.net/docs/Oxford\\_debate\\_guidelines.pdf](http://www.moszoro.net/docs/Oxford_debate_guidelines.pdf);  
Example: <https://www.youtube.com/watch?v=8K222vPeflg>
- Dec 6, 2017     *Review session*
- Dec 13, 2017     Final exam