AREC 543: International Trade
Department of Agricultural and Resource Economics
Oregon State University

Course credits
This course consists of approximately 20 two-hour lecture periods for a total of 4 credits.

Catalog description
Introduction to the major theories of international trade and to models that are useful for applied policy and regional analysis. Effects of trade and trade policy on consumers, workers, and firms are emphasized.

Learning objectives
At the end of this course students will be able to:
- describe and apply the major theories of international trade,
- construct and interpret economic models that are commonly used for trade policy and regional economic analysis,
- analyze the effects of trade policies on consumers, workers, and firms,
- understand and critically evaluate studies that are near the frontier of international trade research.

Enforced prerequisites
AEC 523 Statistics and Optimization for Economics
AEC 513 Microeconomic Theory II

Textbook

Grades
There will be two midterm exams (30% each) and a final (40%).

Statement Regarding Students with Disabilities
Accommodations are collaborative efforts between students, faculty and Disability Access Services (DAS). Students with accommodations approved through DAS are responsible for contacting the faculty member in charge of the course prior to or during the first week of the term to discuss accommodations. Students who believe they are eligible for accommodations but who have not yet obtained approval through DAS should contact DAS immediately at 737-4098.
Expectations for Student Conduct (cheating policies):
Oregon State University defines academic dishonesty as: “An intentional act of deception in which a student seeks to claim credit for the work or effort of another person or uses unauthorized materials or fabricated information in any academic work.” Academic dishonesty includes: Cheating, Fabrication, Assisting, Tampering, Plagiarism. More information, including the process by which academic dishonesty cases are handled, is available at: http://oregonstate.edu/admin/stucon/achon.htm

Schedule
Week 1 One-sector international trade model and extensions: multiple countries, estimation of trade elasticities
Week 2 Two-sector models: Ricardian model, comparative advantage, absolute advantage
Week 3 Two sector model: Factor price insensitivity, factor price equalization, Stolper-Samuelson theorem, Rybczynski theorem
Week 4 Exam 1; Two sector model: Heckscher-Ohlin theorem and extensions
Week 5 Heckscher-Ohlin-Vanek model and extensions; intermediate input trade; international differences in consumer preferences
Week 6 Ricardo-Viner (specific factors) model; monopolistic competition model
Week 7 Gravity model and empirical applications; Exam 2
Week 8 Spatial equilibrium model; Armington trade model; models for trade and the environment
Week 9 Trade policy: tariffs, quotas, subsidies
Week 10 Optimal trade policy under distortions, theory of the second best, principle of targeting; review for final exam