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INTERNATIONAL TRADE THEORY AND POLICY

ECON 2181 – Fall 2025

Tue–Thu   11:10am–12:25pm, Monroe Hall (Room MON B32)

George Washington University

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SYLLABUS

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Note: This syllabus summarizes course organization and policies. I will uphold it as written. However, unforeseen events may require adjustments to safeguard learning quality. If updates are necessary, I will communicate changes promptly and transparently.

COURSE DESCRIPTION AND MATERIALS

This course studies the foundations of international trade and policy: classical and neoclassical theories of comparative advantage, the specific-factors and Heckscher–Ohlin models, firm heterogeneity and intra-industry trade, trade policies under perfect and imperfect competition, and contemporary topics linking theory to real-world applications.

Textbook (required): Paul Krugman, Maurice Obstfeld, Marc Melitz. International Trade: Theory and Policy. 11th edition.

LEARNING OBJECTIVES

By the end of the semester, you should be able to:

1. **Comprehend and explain** the modern trade theories and their assumptions;

2. **Illustrate** each theory using standard analytical tools (e.g., PPFs, GE diagrams, gravity) and data;

3. **Solve** for the equilibrium of different models, using pen-and-paper as well as a computer;

4. **Interpret policy implications** and distributional effects of trade and trade policy.

PREREQUISITES

ECON 1011 and ECON 1012 (or equivalents).

LOGISTICS AND ATTENDANCE

We meet **in person** on Tuesdays and Thursdays, 11:10am–12:25pm, in Monroe Hall (room MON B32). Lectures may be recorded subject to room availability and university policy; recordings, when available, will be posted on Blackboard.

Assessments and Grading

Course grades are based on one midterm, one final, code assignments, and two mini-projects:

Code assignments	15%
Mini-Project 1	5%
Mini-Project 2	5%
Midterm	30%
Final Exam (cumulative)	45%

Details, rubrics, and deadlines will be posted online. Limited extra credit may be awarded for *constructive, regular class participation.*

Mini-Projects (Concise Briefs)

Mini-Project 1 (Research Snapshot). Choose a recent (past 5 years) research-based policy piece (e.g., VoxEU, VoxDev) related to international trade. Submit **3 slides** summarizing the question, method/intuition, key findings, and policy implications. Upload slides to the shared class folder (Blackboard link provided).

Mini-Project 2 (Country Profile for a Client). Prepare a **5-slide** memo advising a hypothetical client on exporting to or investing in a country of your choice. Discuss market size/demand, supply/competition, trade/industrial policies, risk factors, and recommendations. Include at least two charts/tables.

Tentative deadlines: Mini Project 1 - at any time before the mid-term; Mini Project 2 - at any time before the final.

Code assignments and Data Labs

We will have a series of Data Labs throughout the semester. The idea is to introduce students to the Python programming language and its uses for data science and economics. You are expected to download and install the Anaconda Navigator environment on your machine (there are Windows, Linux, and MacOS versions). We will have five data labs. After three of them, you will be required to submit a coding assignment. Each will be worth 5% of your grade.

Tentative deadlines: one week after each data lab that requires an assignment.

Problem sets

I will assign a subset of the textbooks exercises as practice problem sets. They will not be graded but will serve as practice for your midterm and final. I will use some exercises that show up in your problem sets in the exams.

Independent Learning & Use of Generative AI

Independent learning. For a 3-credit course, plan for **a minimum of 5 hours/week** of independent study on top of class time. Actual needs vary by background and goals. See GW's credit hour policy in the University Bulletin.

Generative AI policy. Unless I explicitly prohibit the use of generative AI, you can use it for this course. AI can be quite useful as a tutor or helper in studying. I use it daily, particularly for coding or deep research. Note the following: (i) you are responsible for everything you submit; (ii) "ChatGPT" is not a source – you need to go to original sources and verify the claims; (iii) you should ground your claims on reputable sources (peer reviewed research; reports from the IMF, World Bank, WTO, OECD, etc); (iv) you need to type/write the answers yourself – in other words, you can't copy and paste images or texts out of ChatGPT into the answers

COURSE POLICIES

Exams. No make-up exams are offered. You can choose to skip the midterm and increase the weight of your final exam. Late homework is not accepted without a qualifying emergency. Final exam scheduling follows the official GW schedule.

Collaboration. You are encouraged to discuss problem sets conceptually with peers, but the work you submit must be your own. All submitted work must reflect your independent understanding.

UNIVERSITY POLICIES AND STUDENT RESOURCES

Academic Integrity Code. Academic dishonesty includes cheating, misrepresentation of work, and fabrication of information. Students should conform to GW's Code of Academic Integrity. Students are responsible for becoming familiar with the different forms that plagiarism can take. Ignorance does not exempt students from being penalized for plagiarism. Plagiarism is a serious matter both inside academia and outside it.

Plagiarism and How to Avoid It: A good overview of plagiarism and how to avoid it can be found at http://widstudents.wordpress.com/tag/plagiarism/ It is worth reading through the entire web page, including the section titled "Plagiarism Tales at GW." On the proper use of quotations, see http://writingcenter.unc.edu/resources/handouts-demos/citation/quotations

Writing Help at GW: GW provides students with help in writing, through the University Writing Center, http://www.gwu.edu/ gwriter/ and the EAP Writing Support Program https://eap.columbian.gwu.edu/. Students have benefited from these services and they should be encouraged to take advantage of them.

Observance of Religious Holidays. Inform me during Week 1 of any religious observances that conflict with course requirements; reasonable accommodations will be made per university policy.

Disability Support Services (DSS). Students needing accommodations should contact DSS (Rome Hall, 801 22nd St NW, Suite 102; 202-994-8250) to establish eligibility and coordinate accommodations.

Counseling & Psychological Services. The Colonial Health Center provides counseling and psychological services (202-994-5300).

Safety and Security. In an emergency: call GWPD 202-994-6111 or 911. See the Emergency Response Handbook and "Stay Informed" resources on the GW safety site.

Tentative Schedule (subject to updates on Blackboard)

Date	Type	Topic	Readings / Notes
Tue, Aug 26	Lecture 0	Intro, presentations & logistics	Syllabus
Thu, Aug 28	Lecture 1	Why do we trade?	Ch. 3; Handout 1
Tue, Sep 02	Data Lab 1	Intro to python	Notebook 1
Thu, Sep 04	Lecture 2	Intro to Classical Ricardian Trade	Ch. 3; Handout 1
Tue, Sep 09	Lecture 3	Classical Ricardian Trade in General Equilibrium (i)	Ch. 3; Handout 1
Thu, Sep 11	Lecture 4	Classical Ricardian Trade in General Equilibrium (ii)	Ch. 3; Handout 1
Tue, Sep 16	Lecture 5	Ricardian Trade with Multiple Goods	Handout 2
Thu, Sep 18	Lecture 6	Empirics of Comparative Advantage	—
Tue, Sep 23	Data Lab 2	Intro to pandas; trade with data	Ch. 1; Notebook 2
Thu, Sep 25	Lecture 7	Production in the Short and the Long Run	—
Tue, Sep 30	Lecture 8	Specific Factors Model (i)	Ch. 4; Handout 3
Thu, Oct 2	Lecture 9	Specific Factors Model (ii)	Ch. 4; Handout 3
Tue, Oct 7		Pace Adjustment	
Thu, Oct 9		**Fall Break**	
Tue, Oct 14	Review	Midterm Review	
Thu, Oct 16		**Midterm**	
Tue, Oct 21	Lecture 10	The Political Economy of Trade Policy	Ch. 10
Thu, Oct 23	Data Lab 3	Solving the SFM in the computer	Notebook 2
Tue, Oct 28	Lecture 11	The Heckscher-Ohlin Model (i)	Ch. 5; Handout 4
Thu, Oct 30	Lecture 12	The Heckscher-Ohlin Model (ii)	Ch. 5; Handout 4
Thu, Nov 4	Lecture 13	The Standard Trade Model, Gravity, and Welfare	Ch. 6
Thu, Nov 6	Lecture 14	Economies of Scale	Ch. 7
Tue, Nov 11	Lecture 15	The Krugman Model (i)	Ch. 8; Handout 5
Thu, Nov 13	Lecture 16	The Krugman Model (ii)	Ch. 8; Handout 5
Tue, Nov 18	Data Lab 4	Solving the HO model in the computer	Notebook 3
Tue, Nov 20	Data Lab 5	The Gravity Regression	Notebook 4
Tue, Nov 25		**Thanksgiving Break**	
Thu, Nov 27		**Thanksgiving Break**	
Tue, Dec 2	Lecture 19	The Instruments of Trade Policy	Ch. 9
Thu, Dec 4	Lecture 20	Pace Adjustment	

Final exam: Tuesday, December 16, 2025 10:20am-12:20pm, MON B32.