ECON-784 (Fall 2008)
Seminar in International Trade and Finance:
The Political Economy of Trade Policy

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Office Hours: Tuesdays and Fridays, 1:00-3:00

Time and Location: Tuesdays, 5:30-8:00

Course Webpage: Please see blackboard site.

COURSE DESCRIPTION: Despite the fact that most models of international trade predict that the welfare of society is maximized when trade flows are completely liberalized, most countries continue to impose trade barriers. Political economy models of trade policy postulate that trade policy is determined endogenously. Specifically, the trade policy decisions of policy makers reflect the policy makers’ own interests and preferences; people setting trade policy are motivated by self-interest just like people engaged in other economic activities. This seminar will explore recent political economy models of trade policy formation and, perhaps most importantly, the econometric evaluations of these models.

This is an advanced Ph.D. seminar course that is designed to help prepare students to write a dissertation in international economics or public choice. Students are expected to have taken the Ph.D. sequence in econometrics as well as graduate-level courses in International Economics or Public Choice prior to enrolling in this course.

GRADING:
Class Participation 15%
Classroom Presentation 25%
Research Paper/Presentation 60%

In addition to classroom participation, grades will be based on two student activities. First, each student must choose one of the starred papers in the reading list below and lead the classroom discussion on this article on the date assigned to the paper. Paper choices should be made as soon as possible.

Second, students must complete a research paper and conduct a 30 minute presentation of their research on either November 25 or December 2. The written paper is due on the first day of the final exam period, and students will be randomly assigned to one of the two presentation dates. The paper can be (1) a replication of an article on a topic covered in class; (2) a new empirical study on a topic similar to those covered in class; or (3) an analytical literature review aimed at a dissertation proposal in international economics or public choice. Topics should be cleared with the instructor.
COURSE OUTLINE/READINGS:
Note that there will be no class on October 28. Students are expected to read all articles marked by asterisks (*) and actively participate in classroom discussion. Links to most articles are available on the course blackboard site.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Date</th>
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<tbody>
<tr>
<td>Introduction</td>
<td>August 26</td>
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**Readings**


<table>
<thead>
<tr>
<th>Early Empirical Tests</th>
<th>September 2</th>
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**Readings**


<table>
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<th>Direct Democracy and the Median Voter Theory</th>
<th>September 9</th>
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**Readings**


**Protection for Sale: Structural Tests**

*September 16*

**Readings**


**Protection for Sale: Non-Structural Tests**

*September 23*

**Readings**


**Lobby Formation**

*September 30*

**Readings**


**Political Economy of Antidumping Protection**

*M. October 7*

**Readings**


**Macroeconomic/Cyclical Behavior of Tariffs**

*M. October 14*

**Readings**


**Preferential Trade Agreements**

*M. October 21*

**Readings**

Dispute Settlement and the WTO

November 4

Readings


Recent Developments

November 11-18

Readings


Presentations

November 25-December 2