

International Trade

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| Course Code: | ECON170006 |
| Course Title: | International Trade |
| Credit: | 2 |
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Course Description

The purpose of this course is to help students understand the basics of international trade and the effects of various international economic policies on domestic and world welfare, with an empirical focus on China trade and foreign direct investment. The course will highlight sources of comparative advantage, gains and losses from trade, the impact of trade on economic growth, and effects of trade policy interventions such as tariffs, quotas, voluntary export restraints, and export subsidies. In doing so, it will emphasize both theoretical (analytical) models as well as empirical studies of how well those models fit “real world” data. Moreover, the course will frequently compare and contrast alternative theories/conceptions of the nature of international trade and the gains or losses thereof. Understanding the economic intuitions behind the technically demanding models as well as thinking critically about the assumptions behind the theories and how well they fit actual trading economies will be a major focus. I will try to strike a balance between the "extensive" and the "intensive" margins of the course materials: the extensive margin refers to an overview of various topics in the field of international trade, while the intensive margin means technical training and empirical real-life cases in China on selected topics.

Grading

Students are required to attend class, participate in class and finish all in-class assignments, which accounts for about 20% of the final grade. The rest 80% is based on one group project (import/export industry analysis), 20%, and 60% for the final exam.

Course Schedule

Day 1

Contents: Overview of the World Economy
Text/reference: Feenstra and Taylor, Chapter 1
Outcome: Know the basics of international trade.

Day 2

Contents: Ricardian Model
Text/reference: Feenstra and Taylor, Chapter 2
Homework: In-class assignment 1
Outcome: Understand the first source of comparative advantage: technology.

Day 3

Contents: Heckscher-Ohlin Model
Text/reference: Feenstra and Taylor, Chapter 4
Homework: In-class assignment 2
Outcome: Understand the second source of comparative advantage: endowments.

Day 4

Contents: The Specific Factor Model
Text/reference: Feenstra and Taylor, Chapter 3
Homework: In-class assignment 3
Outcome: Understand the combination of technology and endowments as a source of comparative advantage.

Day 5

Contents: Trade in Factors of Production and Trade in Goods
Text/reference: Feenstra and Taylor, Chapter 5
Homework: In-class assignment 4
Outcome: Understand the substitutability/ complementarity between trade in factors of production and trade in goods

Day 6

Contents: Increasing Returns to Scale and Trade
Text/reference: Feenstra and Taylor, Chapter 6
Homework: In-class assignment 5
Outcome: Understand the third source of comparative advantage: IRS.

Day 7

Contents: Trade Protection Policies
Text/reference: Feenstra and Taylor, Chapter 8, 9
Homework: In-class assignment 6
Outcome: Know different trade protection policies and their pros and cons.

Day 8

Contents: Strategic Trade Policy
Text/reference: Feenstra and Taylor, Chapter 10
Homework: In-class assignment 7
Outcome: Understand the mechanism of strategic trade policies from oligopolistic competition.

Day 9

Contents: Foreign Direct Investment

Text/reference: Feenstra and Taylor, Chapter 7

Homework: In-class assignment 8

Outcome: Understand the importance of FDI in the global economy.

Day 10

Contents: International Agreements

Text/reference: Feenstra and Taylor, Chapter 11

Homework: In-class assignment 9

Outcome: Capture the hot topics on international agreements and their effects on globalization.

Day 11

Contents: Group Project Presentation: Import/Export Industry Analysis

Day 12

Contents: Final Exam

Homework: Closed book!

Textbooks and references

Robert C. Feenstra and Alan M. Talor, International Trade, Worth Publishers, 2011.3.

James R. Markusen and Keith E. Maskus, International Trade: Theory and Applications, Wiley, 2002.

Paul R. Krugman, Maurice Obstfeld and Mark Melitz, International Economics: Theory and Policy, Prentice Hall, 2011.1.

Online sources

The syllabus of this course and the homework problem sets corresponding to each chapter can all be downloaded on the university E-learning platform or from website: homepage.fudan.edu.cn/yiqingxie/teaching.