

International Trade

Global Program on Economics and Finance

Course Title	International Trade		
Credit	3	Credit Hours	54 credit hours (one credit hour is 45 minutes)
Course Objectives	<p>After you finish the course, you are supposed to</p> <ul style="list-style-type: none"> ● Understand different sources of gains from trade and therefore different types of international trade theories. ● Understand different trade policies and their corresponding welfare effects. ● Match the international trade theories to real-life international trade data and trade policies. ● Be able to generate an import and export industry report from the data digging to deeper theoretical and empirical analyses. 		
Course Description	<p>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 (mathematical/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.</p> <p>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.</p>		
Course Requirements:			
Prerequisites: Microeconomics			
Teaching Methods:			
Lectures (online live), guest speech, in-class assignments and group project			

Instructor's Academic Background:

Dr. Yiqing Xie is an assistant research professor at Shanghai Academy of Social Sciences. She received her PhD in Economics from the University of Colorado at Boulder in 2012. She has been teaching Economics including microeconomics, macroeconomics and international economics since 2008 at the University of Colorado at Boulder, the University of North Dakota and Fudan University. Her research interest is international economics and foreign direct investment.

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Course Schedule

Tentative Schedule and Reading List:

Topic No.	Contents	Reading List
1	Syllabus and Introduction Overview of the World Economy	Feenstra and Taylor, Chapter 1
2	The Ricardian Model Absolute and comparative advantage, International equilibrium, Wage, and Distribution of Gains between countries	Feenstra and Taylor, Chapter 2
3	The Heckscher-Ohlin Model H-O Theorem, Factor Price Equalization Theorem, Rybczynski Theorem, and Stolper-Samuelson Theorem	Feenstra and Taylor, Chapter 4
4	The Specific-Factor Model Ricardo-Viner, and Jones	Feenstra and Taylor, Chapter 3
5	Trade in Factors of Production and Trade in Goods Substitutability/complementarity between trade in factors of production and trade in goods	Feenstra and Taylor, Chapter 5
6	Imperfect Competition and IRS Oligopoly, and Monopolistic competition: love of variety and ideal variety	Feenstra and Taylor, Chapter 6
7	Heterogeneous Firms and Industry Reallocation Monopolistic competition with heterogenous firms: trade creates industry reallocation effects	Melitz (2003)
8	Trade Protection Policies	Feenstra and Taylor,

	Different trade protection policies and their pros and cons.	Chapter 8, 10
9	Foreign Direct Investment and Multinational Firms Dunning OLI, Exporting vs. FDI, Knowledge capital model, and Outsourcing vs. internalization	Feenstra and Taylor, Chapter 7
10	International Trade Agreements Trade, labor and investment: WTO, CPTPP, B&R	Feenstra and Taylor, Chapter 11

The design of class discussion or exercise, practice, experience and so on:

In-class assignments, group project , final exam (open book)

Grading & Evaluation:

Assessment in the course will consist of the following,

- In-class Assignments -- 20%: due in class
- Project: Industry Trade Analysis -- 30%: group work, due last week of class
- Final Exam -- 50%: Time and place to be determined, open book

Teaching Materials & References:

Required Textbook:

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

Suggested Textbooks:

Markusen and Maskus, *International Trade: Theory and Evidence*, Wiley Publishers.

Dixit and Norman, *Theory of International Trade*, Cambridge University Press

Helpman and Krugman, *Market Structure and Foreign Trade*, MIT Press