

## International Trade

Winter School @ Fudan SOE 2022

<b>Course Code</b>	ECON2170006		
<b>Course Title</b>	International Trade		
<b>Credit</b>	3	<b>Credit Hours</b>	48 credit hours
<b>Course Objectives</b>	<p>After you finish the course, you are supposed to</p> <ul style="list-style-type: none"> <li>▪ Understand different sources of gains from trade and therefore different types of international trade theories.</li> <li>▪ Understand different trade policies and their corresponding welfare effects.</li> <li>▪ Match the international trade theories to real-life international trade data and trade policies.</li> </ul> <p>Be able to generate an import and export industry report from the data digging to deeper theoretical and empirical analyses.</p>		
<b>Course Description</b>	<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 (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.</p>		
<b>Course Requirements:</b>			
Prerequisites: Microeconomics			
<b>Teaching Methods:</b>			
Lectures, guest speech, in-class assignments and group project			

<b>Course Schedule (Tentative):</b>				
<b>Arrangement</b>	<b>Contents</b>	<b>Text/reference</b>	<b>Homework</b>	<b>Outcome</b>
Day 1	Overview of the World Economy	Feenstra and Taylor, Chapter 1		Know the basics of international trade.
Day 2	Ricardian Model	Feenstra and Taylor, Chapter 2	In-class assignment 1	Understand the first source of comparative advantage: technology.
Day 3	Heckscher - Ohlin Model	Feenstra and Taylor, Chapter 4	In-class assignment 2	Understand the second source of comparative advantage: endowments.
Day 4	The Specific Factor Model	Feenstra and Taylor, Chapter 3	In-class assignment 3	Understand the combination of technology and endowments as a source of comparative advantage.
Day 5	Trade in Factors of Production and Trade in Goods	Feenstra and Taylor, Chapter 5	In-class assignment 4	Understand the substitutability/ complementarity between trade in factors of production and trade in goods.
Day 6	Increasing Returns to Scale and Trade	Feenstra and Taylor, Chapter 6	In-class assignment 5	Understand the third source of comparative advantage: IRS.
Day 7	Heterogeneous Firms and Industry Reallocation	Melitz (2003)	In-class assignment 6	Understand trade under monopolistic competition with heterogenous firms: trade creates industry reallocation effects.
Day 8	Trade Protection Policies	Feenstra and Taylor, Chapter 8, 9	In-class assignment 7	Know different trade protection policies and their pros and cons.
Day 9	Foreign Direct Investment	Feenstra and Taylor, Chapter 7	In-class assignment 8	Understand the importance of FDI in the global economy.
Day 10	Final Exam			Open-book exam
Day 11	Guest Speaker Presentation or Field Trip			To be determined.
Day 12	Group Project Presentation			Import/Export Industry Analysis

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

In-class assignments \* 8 + group project \* 1 + final exam (open-book)

**Grading & Evaluation:**

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), 30%, and 50% for the final open-book exam.

In-class Assignments -- 20%: due in class

Project: Industry Trade Analysis -- 30%: group work, due last week of class

Final open-book Exam -- 50%: Time be determined

There will be no make-up exam.

**Teaching Materials & References:**

Author	Title	Publisher	Publishing time
Robert C. Feenstra and Alan M. Tabor	International Trade	Worth Publishers	March 2011
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	Jan. 2011