

# NATIONAL TAIWAN UNIVERSITY

## Department of International Business

International Trade Theory and Policy  
Fall 2009  
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At present, the increasing trade relationship across countries is both the prominent way to get out of current economic mess as well as the specie in danger. Time after time, the emphasis over jobs stolen rather than jobs creation sounds more politically correct. Thus would-be managers need to examine their decision criterion and their views in trade issues rigorously.

In this course, students will be exposed to the lasting debate of managed trade from various viewpoints. This is meant to help would-be managers understand the international economic context in which they operate. The traditional theory of international trade will be introduced first and served as a base to assess the effect of policy interventions, the recent development of trade theory and international trade agreements.

We will discuss theory and policy in the light of world events and evaluate many of the developments in the world trading area, including the GATT/WTO, NAFTA, ASEAN and its possible expansion, the EC, US-Japan relations as well as cross-straight trade flow. You are encouraged to look into disputes over trade and direct foreign investment under proper theoretic guidance.

### *Texts Required:*

Robert C. Feenstra and Alan M. Taylor. 2008. *International Economics*. Worth Publishers, New York.

### *Recommended texts for reference:*

Paul R. Krugman and Maurice Obstfeld. 2008. *International Economics: Theory and Policy*, 8th edition, Addison Wesley, Boston.

Appleyard, Dennis R., Field, Alfred J., and Cobb, Steven L. 2006. *International Economics, Trade, Theory and Policy*, 5<sup>th</sup> edition. McGraw-Hill Higher Education.

### ***Class Requirements:***

The class requirement includes regular participation and class responses (10%), three in-class quizzes (10%), three case reports (30%), a midterm and a final examination (50%). You have to stay in a study group (up to 5 members) throughout the semester. The composition of any study group has to be a balanced mix of ability, sex and enthusiasm. You are encouraged to do cross examination of ideas and thoughts from different fields, both in and out of this class. Groups which are interested in writing a term paper will get extra points.

### *Tentative Schedule*

#### I. Who produces and exports what?

Sept. 15: Introduction to the World Trade, ch. 1

22: Trade and the World Economy, ch. 1 & 2

29: Comparative Advantage and Classical Ricardian Model, ch. 2

***1<sup>st</sup> quiz today***

Oct. 6: Specific Trade Model, ch. 3

13: Resources and Trade, ch. 4

20: Migration and Trade in Factors, ch. 5

*2<sup>nd</sup> quiz today*

II. International Agreements and Preferential Trading: Can we ever agree on free trade?

**27: HBS CASE: FDI in China**

Nov. 3: Technology and Strategic Trade, ch. 6

**Nov. 10: Mid-Term Exam.**

17: Factor Endowment, Outsourcing and Income Distribution, ch. 7

24: Global Competition and Instrument of Trade, ch. 8

Dec. 1: Imperfect Competition and Economic Integration, ch. 9

*3<sup>rd</sup> quiz today*

III. The Political Economy of Protection

**8: HBS CASE: Japan Inc.**

15: Trade policy for Sustaining Growth, ch.10

22: The Political Economy of Managed Trade, ch. 11

**29: HBS CASE: The European Union**

Jan. 5: Class Presentation of Group Project if any volunteers

**Jan. 12: Final Exam**