

Syllabus

International Trade

Assistant Professor: 羅竹平

Outline :

This course covers a range of trade theories such as H-O model, Ricardian Model, Monopolistic Competition Model, and international outsourcing trade model. It also introduces how these theoretical results coincide with empirical evidences. The students are expected to study the papers listed in the course contents.

Reference Textbook :

Robert Feenstra, *Advanced International Trade*, Princeton University press.

Grading and assignments :

There will be no problem sets; but one midterm, one final exam and one term paper for the course.

Term Paper	30%
Mid-term	30%
Final Exam	40%

Term Paper (30%)

- 1. Apply Gravity model or other trade model to come out an empirical paper of about 20~30 pages. (15%)**
- 2. Each presents your term paper for 20~30 minutes in the class. (15%)**

Course contents :

1. Two-Sector Models

2. Ricardian Trade Theory

Dornbusch, R., S. Fischer and P.A. Samuelson, "Comparative Advantage, Trade and Payments in a Ricardian Model with a Continuum of Goods," *American Economic Review*, 1977, 823-39.

3. Testing the Ricardian Trade Theory

Eaton, J. and S. Kortun, "Technology, Geography, and Trade," *Econometrica*, 70 (5), 2002, 1741-1779.

4. Heckscher-Ohlin Trade Theory

Dornbusch, R., S. Fischer and P.A. Samuelson, "Heckscher-Ohlin Theory with a Continuum of Goods," *Quarterly Journal of Economics Papers*, 1980.

5. Testing the Heckscher-Ohlin Trade Theory

6. Monopolistic Competition

Helpman and Krugman, 1985, Chapters 6-11.

Krugman P.R., "Scale Economics, Product Differentiation, and the Pattern of Trade", *American Economics Review*, 1980.

Krugman P.R., "Intra-industry Trade Specialization and the Gains from Trade", *Journal of Political Economy*, 1981.

Krugman P.R. and A. Venables, "Globalization and the Inequality of Nations", *Quarterly Journal of Economics*, November 1995, CX(4), 857-80.

7. Gravity Equation in International Trade

Hummels, D. and J. Levinsohn, "Monopolistic Competition and International Trade: Reconsidering the Evidence", *Quarterly Journal of Economics*, August 1995, 110(30), 799-836.

Anderson, J. and E. van Wincoop, "Gravity with Gravitas: A Solution to the Border Puzzle", *American Economic Review*, 2003, 170-192.

8. Trade and Welfare

Smith, M.A.M., "International Gains from Trade", *Journal of International Economics*, 1979.

9. Trade in International Inputs and Wages

Feenstra, Robert C., Gordon H. Hanson (May, 1996) "Globalization, Outsourcing and Wage Inequality" *The American Economic Review*, Volume 86, Issue 2

Feenstra, Robert C. (1998) "Integration of Trade and Disintegration of Production in the Global Economy" *Journal of Economic Perspectives*, Fall, 31-50

10. Import Tariffs and Dumping

11. Oligopoly

Brander, J.A., and Krugman, P.R., "A Reciprocal Dumping Model of International Trade", *Journal of International Economics*, November 1983, 15 (3/4).

12. Trade and Growth

Bhagwati, J.N., "Immiserizing Growth: A Geometric Note", *Review of Economic Studies*, 1956.

Findlay, R., "Factor proportions and Comparative Advantage in the Long Run", *Journal of Political Economics*, 1970.

13. Technology and Trade

Grossman, G.M. and E. Helpman, "Technology and Trade", in Grossman and Rogoff, 1995.

Grossman, Gene and Edwin Lai, "International Protection of Intellectual Property", *American Economic Review*, 94(5), 2004, 1635-1653.

14. Evidence on Trade and Growth

Coe, D.T. and E. Helpman, "International R&D Spillovers", *European Economic Review*, May 1995, 39(5), 859-887.

Frankel, Jeffrey A. and Romer, David, "Does Trade Causes Growth?" *American Economic Review*, June 1999, 89(3), 379-399.

15. Trade, Technology, and Wage

Lawrence, R. and M. Slaughter, "International Trade and American Wages in the 1980s: Giant Sucking Sound or Small Hiccup?" *Brookings papers on Economic Activity*, Microeconomics 2(1993), 1-69.

Krugman P.R., "Technology, Trade and Factor Price", *Journal of International Economics*, February, 2000, 5091):17-49.

16. Multinational Corporations

Helpman, E., "A Simple Theory of International Trade with Multinational Corporations", *Journal of Political Economy*, 1984.

Markusen, J.R. and A.J. Venables, "The Theory of Endowment, Intra-Industry and Multinational Trade", *Journal of International Economics*, December 2000, 52, 209-234.

Yeaple, S.R., "The Complex Integration Strategies of Multinationals and Cross Country Dependencies in the Structure of Foreign Direct Investment", *Journal of International Economics*, August 2003, 60 (2), 293-314.

17. International Outsourcing

Antràs, Pol (2003), "Firms, Contracts, and Trade Structure," *Quarterly Journal of Economics* 118(4): 375-418.

Antràs, Pol (2005), "Incomplete Contracts and the Product Cycle," *American Economic Review* 95(4), 1054-1073.

Antràs, Pol and Elhanan Helpman (2004), "Global Sourcing," *Journal of Political Economy* 112(3), 552-80.

Helpman, Elhanan, Marc J. Melitz, and Stephen R. Yeaple (2005), "Export Versus FDI with Heterogeneous Firms," *American Economic Review* 94(1), 300-316.