INTERNATIONAL TRADE (Module 43739)

SPRING 2019

Lectures: Room 3.1.13; Thursday 3:00 - 5:00 pm (13 lectures)

Lecturer:
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Office Hours: Wednesday, 9:30-12:30

Required text:


In each topic, there are additional readings. In addition, some additional reading may be provided during the course.

Course description: This course will analyse the causes and consequences of international trade and investment. In particular, we will study why nations trade, what they trade and the gains from trade. Firm decision to export and/or to invest abroad will also be examined. The course will use extensively micro-economic tools.

Topics covered include basic models of international trade and its extensions, the study of multinationals, foreign direct investment, and some trade policy tools.

Course evaluation:
The final mark in this subject will arise from two main sources:

First, there will be two short presentations (5-6 minutes long) throughout the course (30% of final mark) on a list of topics provided by the lecturer.

Second, there will be an official final exam that will cover all the lecture materials and all the assigned readings (70% of final mark).

Course outline:
[What follows is a tentative schedule for the course, which might be subject to change]
PART I. INTRODUCTION

Topic 1. Basic facts and issues in international trade. Gains from trade
[lectures 1-2]

- KOM, chapters 1,2
- Helpman, chapter 1
- Ricardo, David (1817). On the Principles of Political Economy and Taxation, Chapter 7: "On Foreign Trade"
- WTO: World Trade Statistical Review 2017
  https://www.wto.org/english/res_e/statis_e/wts2017_e/wts17_toc_e.htm

PART II. A REVISION OF NEOCLASSICAL MODELS OF INTERNATIONAL TRADE

Topic 2. The standard trade model
[lecture 3]

- KOM, chapter 6.

Topic 3. Ricardian model
[lectures 4-5]

- KOM, chapter 3.
- Helpman, chapter 2.
- Frédéric Bastiat: "Petition of the Candle Makers", Economic Sophism, 1845.

Topic 4. Heckscher-Ohlin model
[lectures 5-6]

- KOM, chapter 5.
- Helpman, chapter 3.

PART III. "NEW TRADE THEORY"

Topic 5. Increasing returns to scale and international trade
[lecture 8]

- KOM, chapters 7,8.
- Helpman, chapter 4.
PART IV. “NEW NEW TRADE THEORY”. FIRMS IN INTERNATIONAL TRADE

Topic 6. The firm decision to export.
[lectures 9-10]

- KOM, chapter 8.
- Helpman, chapter 5.

Topic 7. Multinational firms, Foreign Direct Investment (FDI), and offshoring
[lectures 11-12]

- KOM, chapter 8.
- Helpman, chapter 6.

PART V. TRADE POLICY

Topic 8. Trade policy. Export promotion policies.
[lecture 13]

- KOM, chapters 9, 10.