

International Trade

Instructor: Professor Jinhwan Oh, Graduate School of International Studies, Ewha W. U.

Time: T 2:00-3:15pm, Th 3:30-4:45pm

Office and Email: 313 Graduate School Building

Office Hours: TBA, plus several ad-hoc extra ones prior to exams

Course Description

Why do nations trade? What determines the pattern of trade? Who gains from trade? This course first investigates the reasons and determinants of trade using well-established theories in the field. Even though most of these theories assume free trade environments, there are a variety of restrictions in the real world. Some people say that these restrictions ought to be lifted, but other people argue the opposite. In this normative perspective, this course examines policies that intend to promote or regulate international trade. Finally, current international trade agreements (bilateral and multilateral) and trade-related organizations, particularly the WTO, will be reviewed.

Prerequisite

Basic understanding of microeconomics. For those who do not have any background, it is her own responsibility to catch up with important concepts, although some of them will be reviewed in class.

Text and Readings

Feenstra, Robert and Alan Taylor (2011). *International Economics*. 2nd Ed. Worth Publishing (Required). An earlier version of this book can be used.

Articles on World Trade Organization

Understanding the WTO; World Trade Report 2014; Rules of Origin; AD/CVD/SG

Chang, Ha-joon (2008). *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*.

Stiglitz, Joseph E and Andrew Charlton (2005). *Fair Trade for All: How Trade Can Promote Development*

Course Requirements and Grading Scheme

1. Quizzes (35%): There will be several (weekly or bi-weekly, depending on course coverage) short quizzes throughout the course. Basically, it will be conducted in the beginning of class for about 20~25 minutes, but with variations, such as take-homes. Questions are straightforward for those who understand the basic concepts in the previous class. A prior notice will be made. All but one will count. (Short quizzes could be replaced by smaller number of longer ones depending on course coverage and the class size.)

2. Midterm (25%): Late April (SUBJECT TO CHANGE!)
3. Final Exams (35%): June 9, in class. Exams are based on all the lectures and previous exam questions, including quizzes. More detailed explanations will be made in the middle of class. (There will be a class on June 11 for final feedbacks)
4. Attendance and Participation (5%)

Course Outline

1. Overview of the course
 - * Feenstra & Taylor Ch.1
2. The Ricardian Model
 - * Feenstra & Taylor Ch.2
3. The Hecksher-Ohlin Model: Short-run Specific Factors Model
 - * Feenstra & Taylor Ch.3
4. The Hecksher-Ohlin Model: Long-run
 - * Feenstra & Taylor Ch.4
5. Extension of the Hecksher-Ohlin: Movement of Labor and Capital Between Countries
 - * Feenstra & Talyor Ch .5
6. General Equilibrium Approach of the Hecksher-Ohlin Model
 - * Handouts
7. New Trade Theories: Increasing Returns And Monopolistic Competition
 - * Feenstra & Taylor Ch. 6
8. Trade Policies: Tariff, Quota, and Export Subsidy
 - * Feenstra & Taylor Ch. 8, 9, 10
9. WTO and FTA
 - * Feenstra & Taylor Ch. 11
 - * GATT Text of the General Agreement / Marrakesh Agreement Establishing the WTO
 - * WTO articles on RO, AD/CVD/SG. *Understanding the WTO*
 - * Special Lecture by Mr. Eki Kim, former Counsellor at WTO (May 26, tentatively)
10. Debates on free trade and international capital market
 - * Chang, Ha-joon (2008). *Bad Samaritans*
 - * Stiglitz, Joseph E. and Andrew Charlton (2005). *Fair Trade for All*
11. Macroeconomic Perspectives of Trade: Exchange Rates and Macro policies
 - * Feenstra & Taylor Ch. 12-18 (Selective topics)