



## **International Business Program**

### **ECON 380: *International Trade***

#### **Course Description**

The aim of this course is to give students the conceptual basis and the necessary tools for understanding modern international trade at the intermediate level. Topics discussed in this course are: gains from trade in a classical world; the modern theory of international trade; factor price equalization; empirical tests and extensions of the pure theory model; economic growth and international trade; the nature and effects of protection; motives and welfare effects of factor movements. Each topic will be followed with evidences, examples and case studies mainly under the context of China's international trade with the U.S. and the rest of the world.

#### **Learning Objectives**

- Grasp basic theories in international trade, for example, the Ricardian Model, Two-factor model (H-O Model), the Standard Model, etc.,
- Understand present trade conditions in the world, especially from the viewpoint of China, for example, the trade unbalance between the U.S. and China, various trade protectionism (green trade barriers), outsourcing and processing trade, etc.;
- Comprehend the reasons and impacts of trade policies, for example, the impact of WTO, regionalization in Asia-Pacific region, tax rebate and subsidy in exports, etc.

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#### **Course Schedule**

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##### **Session 01-14      World Trade: An Overview**

The formation of WTO, China's trade performance prior to and post WTO, trade imbalance between China and the U.S.

Reading:

International Economics Ch. 2

Relevant Links: <https://www.wto.org/> ; <http://www.itd.org/> ; <http://www.stats.gov.cn/english/>;

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**Session 02-14            Labor Productivity and Comparative Advantage: The Ricardian Model**

Reading:

International Economics Ch.3

Case Study: Comparison of the wages in the U.S. and China, export contents (i.e. capital/labor intensive goods) of the U.S. vs. China.

Relevant Links: <http://www.usitc.gov/> ; <http://chinadataonline.org/>

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**Session 03-14            Resources, Comparative Advantage, and Income Distribution**

Reading:

International Economics Ch. 4 Part I

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**Session 04-14            Resources, Comparative Advantage, and Income Distribution**

Reading:

International Economics Ch. 4 Part II

Case Study: The North-South Trade: Evidence from China's Trade in last two decades.

Relevant Link: <http://www.stats.gov.cn/english/> ; [http://www.intracen.org](http://www.intracen.org;);

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**Session 05-14            The Standard Trade Model**

Reading:

International Economics Ch. 5

Case Study: Tariffs, nontrade barriers and export subsidies to China's exporters.

Relevant Links: <http://www.bizchinanow.com/>;

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**Session 06-14            International Factor Movements**

Reading:

International Economics Ch. 7

Case Study: FDI in China in last two decades.

Relevant Links: <http://www.imf.org/external/index.htm>;  
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTPROGRAMS/EXTTRADERESEARCH/0,,menuPK:544860~pagePK:64168176~piPK:64168140~theSitePK:544849,00.html>;

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**Session 07 -14            Midterm examination**

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**Session 08-14    Economies of Scale, Imperfect Competition, and International Trade**

Reading:

International Economics Ch. 6 Part I

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**Session 09-14    Economies of Scale, Imperfect Competition, and International Trade**

Reading:

International Economics Ch. 6 Part II

Case Study: Intra-industry Trade and the puzzle of export content similarity between the U.S. and China.

Relevant Links: <http://strategis.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home>

<http://www.bea.doc.gov>

<http://cms.cass.cn/indexe.asp>

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**Session 10-14            The Instruments of Trade Policy**

Readings

International Economics Ch. 8

Case Study: Antidumping and China's export.

Relevant Links: <http://www.intracen.org/>; <http://english.mofcom.gov.cn/>

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**Session 11-14            The Political Economy of Trade Policy**

Reading:

International Economics Ch. 9

Case Study: From GATT to WTO.

Relevant Link: <https://www.wto.org/>

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**Session 12-14            Trade Policy in Developing Countries**

Readings:

International Economics Ch. 10

Case Study: China's foreign trade law and customs regulations in last two decades.

Relevant Links: <http://english.mofcom.gov.cn/> ; <http://cms.cass.cn/indexe.asp>

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### **Session 13-14                      Controversies in Trade Policy**

Reading:

International Economics Ch. 11

Case Study: Export and Environment in China.

Relevant Link: <http://cms.cass.cn/indexe.asp>

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### **Session 14-14                      Final Examination**

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#### **Course Textbook**

Krugman, Paul R. and Obstfeld, Maurice . (2008). International Economics: Theory and Policy (8<sup>th</sup> Edition), Prentice Hall.

#### **Supplemental Course Materials**

Feenstra, Robert and Taylor. Alan. (2008). International Trade. Worth Publishers.

Hufbauer, Gary Clyde, Wong, Yee and Sheth, Ketki. (2006). US-China Trade Disputes: Rising Tide, Rising Stakes. *Policy Analyses in International Economics* 78. Peterson Institute for International Economics.

Please read the Relevant Links in each session as Recommended Readings.

#### **Some Useful Sources about Trade**

<b>World</b>	<b>China</b>	<b>The U.S. and Canada</b>
<a href="#">International Monetary Fund</a>	<a href="#">National Bureau of Statistics of China</a>	<a href="#">U.S. International Trade Commission</a>
<a href="#">The World Trade Organization</a>	<a href="#">China Data Online</a>	<a href="#">Bureau of Economic Analysis, Dept. of Commerce</a>
<a href="#">UNCTAD/WTO International Trade Center</a>	<a href="#">Ministry of Commerce</a>	<a href="#">International Trade Data page</a>
<a href="#">The World Bank International Trade website</a>	<a href="#">China Council for Promotion of Trade</a>	<a href="#">International Trade Canada</a>
<a href="#">International Trade and Development Center</a>	<a href="#">Institute of Finance and Trade Economics, CASS</a>	<a href="#">Trade Data Online</a>

## Evaluation

Midterm Exam	25%
Final Exam	35%
Assignments 1	10%
Assignments 2	10%
Presentation	10%
Participation	10%

## Assessment Criteria

### Assignment

Assignment: The Ricardian Model;

Assignment: The Two-factor Model;

### Presentation

Oral Presentation: Economic/trade issues learned in field trip

## Grading

Alliance programs utilize the follow standard grading policy well accepted by most US institutions.

Excellent	A	93-100%	Good	B+	87-89%	Acceptable	C+	77-79%
	A-	90-92%		B	83-86%		C	73-76%
				B-	80-82%		C-	70-72%
						Unsatisfactory	D+	67-69%
							D	63-66%
							D-	60-62%
						Failing	F	<60%

## Course Policies

### Exams and Assignments

Students are required to take all regularly scheduled exams in courses for which they are registered, and to submit all assignments on time. Any compelling academic, personal, or medical reason that might justify a rescheduled exam or assignment must be brought up to the Resident Director, not program faculty. Failure to take scheduled exams or submit the requisite assignments for a course will adversely affect your grade as per the stated grading criteria for each course.

There will be no make-up exams. If a midterm is missed with valid excuse (i.e. illness with doctor note), Professor will shift the weight to your final exam (30%+50%=80%); if a final exam is missed with valid excuse, you will be asked to write a term paper as a replacement (50%).

### **Classroom Conduct**

Student punctuality is extremely important in China and India. Please do not be late for classes or other activities, as it is considered impolite to do so. It is improper to eat in class, to engage in other activities such as texting, or to slump or nap. Students are expected to be alert and engaged as a sign of respect for their professors.

### **Attendance**

Class attendance is mandatory. It is essential that the students participate fully in the coursework and all required academic activities. Authorized absences may only be approved by the Resident Director, and students are expected to make up any missed work. Unauthorized absences will adversely affect a student's grades.