

**Graduate International Trade Theory**  
**Monday 9:00-12:00**  
**Venue: TBA**

**Course Description**

This course will cover the causes and consequences of international trade, including the determinants of the trade pattern, increasing returns, gains from trade, trade policy, the role of multinational corporations, and the relationship between trade and growth.

**Contact Information**

Instructor:	Dr. Miaojie Yu
Office:	Rm. 621, Langrun Yuan
Email:	<a href="mailto:mjyu@ccer.pku.edu.cn">mjyu@ccer.pku.edu.cn</a>
Telephone:	6275-3109 (ext.5-3109)
Office Hours:	Monday 2:30-3:30(or by appointment)
Course Website:	<a href="http://mjyu.ccer.edu.cn/courses/phdtrade.html">http://mjyu.ccer.edu.cn/courses/phdtrade.html</a>

**Course Prerequisites**

Prerequisites for this course are advanced microeconomics (I, II and III) or equivalent. For those who didn't take such courses but have strong interest in international trade could contact me directly before registration.

**Teaching Languages:** English

**Required Textbook:**

Feenstra, Robert C., *Advance International Trade: Theory and Evidence*, 2003, Princeton University Press.

**Recommended Books:**

These books are not required but very helpful for future research. Those intending to do research in this field may want to have them in their personal libraries.

- Bhagwati, Jagdish, *International Trade: Selected Readings*, 2<sup>nd</sup> edition, 1987.
- Dixit, Avinash and Victor Norman, *Theory of International Trade*, 1980
- Grossman, Gene, *Imperfect Competition and International Trade*, 1991
- Grossman, Gene and Ken Rogoff, *Handbook of International Economics*, vol (3), 1995
- Helpman Elhanan and Paul Krugman, *Market Structure and Foreign Trade*, 1985.
- Krugman, Paul, *Rethinking International Trade*, 1992

## Course Grading:

Problem Sets	Due dates as announced	10%
Midterm	TBA	30%
Cumulative Final Exam	TBA	60%

## Course Outline:

This is tentative and subject to change. Check back at <http://mjyu.ccer.edu.cn> for periodic updates and direct links to papers. Please read the assigned readings before the lecture. Lectures will follow Feenstra's book quite closely. Papers list here are highly recommended but not required.

### 1. 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", AER, 1977, 823-39.
- Eaton, J. and S. Kortum, "Technology, Geography, and Trade", Econometria, Sep. 2002, 70(5), 1741-1779.

### 2. Preliminaries: Two-Sector Models

- Feenstra, Chapter 1

### 3. The Heckscher-Ohlin Model

- Feenstra, Chapter 2
- Dixit and Norman, 1980, Chapter 4.
- Dimensional Issues in Trade Theory", in Jones and Kenen, 1984.
- Leamer, E.E., "The Leontief Paradox , Reconsidered", Journal of Political Economy, 1980, 88(3) 495-503.
- Bowen, H.P., E.E. Leamer and L. Sveikauskas, "Multicountry, Multi-factor Tests of the Factor Abundance Theory", American Economic Review, December 1987, 77(5), 791-809.
- Treffer, D., "International Factor Price Differences: Leontief was Right!", Journal of Political Economy, December, 1993, 101(6), 961-87.
- Treffer, D., "The Case of the Missing Trade and Other Mysteries", American Economic Review, December 1995, 85(5), 1029-46.
- Helpman, E. "The Structure of Foreign Trade," Journal of Economic Perspectives, Spring 1999, 13(2), 121-44.
- Davis, D.R. and D.W. Weinstein, "An Account of Global Factor Trade," American Economic Review, December 2001, 91(5), 1423-53.

### 4. Many Goods and Factors

- Feenstra, Chapter 3

### 5. Trade in Intermediate Inputs and Wages

- Feenstra, Chapter 4
- Feenstra, R.C. and Hanson, G.H., "The Impact of Outsourcing and High-Technology Capital on Wages: Estimates for the United States, 1979-1990," Quarterly Journal of Economics, August 1999, 114(3), 907-40.
- Leamer, E.E., "What's the Use of Factor Contents,?" Journal of International Economics, February 2000, 50(1): 17-49.
- Krugman, P.R., "Technology, Trade and Factor Prices," Journal of International

Economics, February 2000, 50(1): 51-71.

**6. Increasing Returns to scale and the Gravity Equation**

- Feenstra, Chapter 5
- Helpman and Krugman, 1985, Chapters 3-4.
- Krugman, P.R. and A. Venables, "Globalization and the Inequality of Nations", Quarterly Journal of Economics, November 1995, CX(4), 857-80.
- Melitz, M.J., "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity," Econometrica, 2003, 1695-1725

**7. Gains from Trade and Preferential Trade Agreements**

- Feenstra, Chapter 6

**8. Import Tariffs and Dumping**

- Feenstra, Chapter 7

**9. Import Quotas and Export Subsidies**

- Feenstra, Chapter 8

**10. International Political Economy**

- Feenstra, Chapter 9
- Grossman, G.M. and E. Helpman, "Protection for Sale," American Economic Review, September 1994, 84(4), 833-50.
- Grossman, G.M. and E. Helpman, "The Politics of Free Trade Agreements," American Economic Review, September 1995, 84(4), 667-90.
- Koujianou Goldberg, P. and G. Maggi, "Protection for Sale: An Empirical Investigation," American Economic Review 89(5): 1135-55, December 1999.

**11. Trade and Endogenous Growth**

- Feenstra, Chapter 10
- Brezis, E., P.R. Krugman and D. Tsiddon, "Leapfrogging in International Competition", American Economic Review, December 1993, 83(5), 1211-19.
- Coe, David T. and Helpman, Elhanan, "International R&D Spillovers", European Economic Review, May 1995, 39(5), 859-887.
- Bayoumi, Tamim, Coe, David T. and Helpman, Elhanan, "R&D Spillovers and Global Growth", Journal of International Economics, April 1999, 47(2), 399-428.
- Frankel, Jeffrey A. and Romer, David, "Does Trade Cause Growth?" American Economic Review, June 1999, 89(3), 379-399.

**12. Multinational and Organization of the Firm**

- Feenstra, Chapter 11
- Helpman and Krugman, 1985, Chapter 12.
- 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.
- Helpman, M. Melitz, and S. Yeaple, "Export versus FDI with heterogeneous firms," AER 2004, 300-316.

**13. Trade and Environment ( If time allowed)**

- Copeland Brian and M. Scott Taylor, "North-South Trade and the Environment", QJE, 1994, 755-787.
- Copeland Brian and M. Scott Taylor, "Trade and Transboundary Pollution", AER, 1995, 716-737