

International Trade EKN 804
2nd Semester 2017 Syllabus

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NOTE: This syllabus may be edited as the semester continues. You will be notified in class or on ClickUp of any changes.

This is a graduate course in international trade. The course will cover how international trade (goods, services, and inputs into production) affects economic efficiency as well as how government policies can influence the flow of goods and factors. EKN 804 will also provide the basic tools to analyze economic integration and political economy which will include cross-section and panel econometric techniques to improve our analysis.

Attendance

It is recommended that you attend class since your grade will partially depend on discussions during class. Discussions during the lecture are also fair game on the semester test. The assigned readings are meant to compliment but not substitute for lectures.

Books

The course will not depend on any particular textbook but since I must specify at least one as a reference:

- Feenstra, Robert C. *Advanced International Trade: Theory and Evidence*, 1st or 2nd Edition, Princeton University Press (F)
- McLaren, J. *International Trade*, Wiley Global Education (M)

Other options include:

- Feenstra, Robert C., and Alan M. Taylor. *International Economics*, 3rd Edition, Worth Publishing
- Paul Krugman, Maurice Obstfeld, and Marc Melitz: *International Economics: Theory and Policy*, 10th Edition, Addison Wesley
- Wooldridge, J. *Introductory Econometrics: A Modern Approach*, 5th Edition, Cengage

where the 3rd is an introductory econometrics textbook.

Grading and Assignment

Table 1: Assignments

Assignment	Weight of Final Grade
Discussions & Problem Sets	20%
Semester Test	30%
Extra Assignment*	30%
Proposal (Paper and Data)	10%
Replication and Presentation	40%

* The Extra Assignment is only for students who miss the Semester Test. There is no Sick Test.

All work submitted is expected to be your own, but this does not mean that you should not work in groups.

Study Tips

Bad strategies:

1. Attempting to 'cram' material the night before the semester test
2. Waiting til the last minute to start on the proposal and project

Good strategies:

1. Read the material to be covered that day before class. This will increase you understanding of the lectures even when it is difficult.
2. Take notes and ask questions. Rewriting your notes later in the day can improve your understanding (filling in comments you missed during the lecture, etc.).
3. Writing notes on the readings and/or rereading can help reinforce the concepts.

Table 2: Preliminary Schedule for Course

Week	Content
July 24	<ul style="list-style-type: none"> • (M) Ch. 1, Introduction to Economic Globalization • <i>The New Wave of Globalization and Its Economic Effects</i>, The World Bank (2002) • Jeffrey Williamson. <i>Globalization and Inequality, Past and Present</i>, The World Bank Research Observer, (1997) • The Economist, Sept. 20th 2008 (A Bigger World) <p><i>Additional</i></p> <ul style="list-style-type: none"> • Krugman, Cooper, Srinivasan. <i>Growing World Trade: Causes and Consequences</i>. Brookings Paper on Economic Activity, (1995)
July 31	<ul style="list-style-type: none"> • (M) Ch. 2, Comparative Advantage • (F) Ch. 1, Ricardian Model • Paul Krugman. <i>Ricardo's Difficult Idea</i>, MIT, mimeo (1996) • Eaton and Kortum. <i>Putting Ricardo to Work</i>, The Journal of Economic Perspective (2012) • Alan Deardorff. <i>The General Validity of the Law of Comparative Advantage</i>. Journal of Political Economy (1980) <p><i>Additional</i></p> <ul style="list-style-type: none"> • Kenneth Scheve and Matthew Slaughter. <i>A New Deal for Globalization</i>, Foreign Affairs (2007)
Aug. 7	<ul style="list-style-type: none"> • Continuation of Ricardian Model • (F) Ch. 1, Two Sector Model • (F) Ch. 2, Heckscher-Ohlin Model • Bernstein, Jeffrey R, and D. Weinstein. <i>Do Endowments Predict the Location Of Production?: Evidence from National and International Data</i>. Journal of International Economics (2002) • Costinot, Arnaud, Dave Donaldson, and Ivana Komunjer. <i>What Goods Do Countries Trade? A Quantitative Exploration of Ricardos Ideas</i>. Review of Economic Studies (2012) <p><i>Additional</i></p> <ul style="list-style-type: none"> • Morrow, Peter M. <i>Ricardian-Heckscher-Ohlin Comparative Advantage: Theory and Evidence</i>. Journal of International Economics (2010)
Aug. 14	<ul style="list-style-type: none"> • (F) Ch. 2, Empirical Application of Heckscher-Ohlin Model • Daniel, Trefler. <i>International Factor Price Differences: Leontief was Right!</i> Journal of Political Economy (1993) • Trefler, D. <i>The Case of the Missing Trade and Other Mysteries</i>. American Economic Review (1995) <p><i>Additional</i></p> <ul style="list-style-type: none"> • Kenneth Scheve and Matthew J. Slaughter. <i>What Determines Individual Trade-Policy Preferences?</i> Journal of International Economics (2001) • Choi, and Krishna. <i>The Factor Content of Bilateral Trade: An Empirical Test</i>. Journal of Political Economy (2004) • Davis, D. and D. Weinstein. <i>An Account of Global Factor Trade</i>. American Economic Review (2001)

<p>Aug. 21</p>	<ul style="list-style-type: none"> • (F) Ch. 3 Specific Factors • (M) Ch. 5 Specific Factors and (M) Ch. 6 Mobile Factors • James Alt and Michael Gilligan. <i>The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions</i>, The Journal of Political Philosophy, 1994 • Anna Mayda and Dani Rodrik, <i>Why are Some People (and Countries) More Protectionist than Others?</i>, European Economic Review, 2005 <p><i>Additional</i></p> <ul style="list-style-type: none"> • Jones, Ronald and Jose Scheinkman. <i>The Relevance of the Two-Sector Production Model in Trade Theory</i>. Journal of Political Economy (1977) • Dornbusch, R., Stanley Fischer, and Paul Samuelson. <i>Heckscher-Ohlin Trade Theory with a Continuum of Goods</i>. The Quarterly Journal of Economics (1980)
<p>Aug. 28</p>	<ul style="list-style-type: none"> • (F) Ch. 5 Increasing Returns and Trade • (M) Ch. 3 Increasing Returns • Bernard, Jensen et al. <i>Firms in International Trade</i>. Journal of Economic Perspectives (2007) • Krugman, P. <i>Scale Economies, Product Differentiation, and the Pattern of Trade</i>. American Economic Review (1980) <p><i>Additional</i></p> <ul style="list-style-type: none"> • C. Broda and D. Weinstein. <i>Globalization and the Gains from Variety</i>. Quarterly Journal of Economics
<p>Sept. 4</p>	<ul style="list-style-type: none"> • (F) Ch. 5 Increasing Returns and Trade (Gravity) • (M) Ch. 3 Increasing Returns • Mary Amiti. <i>New Trade Theories and Industrial Location in the EU: A Survey of Evidence</i>, Oxford Review of Economic Policy (1998) • Antweiler, W. and D. Trefler. <i>Increasing and All That: A View from Trade</i>. American Economic Review (2002) <p><i>Additional</i></p> <ul style="list-style-type: none"> • Mary Lovely and Devashish Mitra. <i>Increasing Returns and Trade Theory</i>, (2007) • Krugman, Paul. <i>Intraindustry Specialization and the Gains from Trade</i>. Journal of Political Economy (1981) • Anderson and van Wincoop. <i>Gravity with Gravitas: A Solution to the Border Puzzle</i>. American Economic Review (2003)
<p>Sept. 11</p>	<ul style="list-style-type: none"> • (F) Ch. 7 Import Tariffs and Dumping • Johnson, H.G. <i>Optimum Tariffs and Retaliation</i>. Review of Economic Studies (1953) • Grossman, G. and E. Helpman. <i>Trade Wars and Trade Talks</i>. Journal of Political Economy (1995) <p><i>Additional</i></p> <ul style="list-style-type: none"> • Michael Bailey, Judith Goldstein, and Barry R. Weingast. <i>The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade</i>, World Politics, 1997 • Philip Levy, <i>Modern Protectionism</i>, Georgetown Journal of International Affairs, 2009
<p>Sept. 18</p>	<ul style="list-style-type: none"> • Semester Test, Note: There is no Sick Test. An additional assignment will be turned in at the end of the Semester (TBD).

Oct. 9	<ul style="list-style-type: none"> • Melitz Model • Melitz, M. <i>The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity</i> <i>Econometrica</i> (2003) • Melitz, Marc and Gianmarco Ottaviano <i>Market Size, Trade, and Productivity</i> <i>Review of Economic Studies</i> (2008) <p><i>Additional</i></p> <ul style="list-style-type: none"> • Bernard A. and J. Jensen. <i>Why Some Firms Export</i>. <i>Review of Economics and Statistics</i> (2004)
Oct. 16	<ul style="list-style-type: none"> • Eaton-Kortum Model (Ricardian Model Revisited) • Eaton, J. and S. Kortum. <i>Technology, Geography, and Trade</i>. <i>Econometrica</i> (2002) • Limão, N. and Anthony Venables. <i>Infrastructure, Geographical Disadvantage, Transport Costs, and Trade</i>. <i>The World Bank Economic Review</i> (1999)
Oct. 23	<ul style="list-style-type: none"> • (M) Ch. 10 Strategic Trade Policy • (M) Ch. 11 Offshoring • Paul Krugman, <i>Industrial Organization and International Trade</i>, Handbook of Industrial Organization, 1989 • Grossman and E. Helpman. <i>Protection for Sale</i>. <i>American Economic Review</i> (1994) • Gene Grossman and Esteban Rossi-Hansberg. <i>The Rise of Offshoring: It's Not Wine for Cloth Anymore</i>, The New Economic Geography: Effects and Policy Implications, Jackson Hole Conference Volume, Federal Reserve Bank of Kansas City, 2006 <p style="color: blue;"> Thibault Fally – Fragmented Production Richard Baldwin – Offshoring and Trade Keller and Yeaple – Limits to Offshoring </p>
Oct. 30	<ul style="list-style-type: none"> • Presentations