Course Syllabus
Econ 590a 002: International Trade
Academic Year 2007-2008
Winter Session Term 1

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Introduction

This is a PhD level course in international trade. We will cover the different theories of international trade and trade policy, and several topics that are the subject of current research in the field. Although there is a fixed set of topics that I intend to cover, you should let me know if there is a topic that you are interested in for your research and that is not in the syllabus. There are topics that we will not be able to cover and that Professor John Ries will cover in Econ 555.

Schedule

Class hours: Tuesdays and Thursdays, 11 – 12:30, Room Swing 408

Books:


Recommended books:


Jonathan Eaton and Sam Kortum are in the process of writing a book that will be useful for some of the topics covered in this course. The book title is “*Technology in the Global Economy: A Framework for Quantitative Analysis*”. The manuscript chapters are available at [http://www.econ.umn.edu/~kortum/courses/fall05/f05_nw.htm](http://www.econ.umn.edu/~kortum/courses/fall05/f05_nw.htm)

**Class web site**

The class website is on WebCT at [https://www.elearning.ubc.ca/](https://www.elearning.ubc.ca/). Class announcements, problem sets, syllabus, some lecture notes, and the reading list will be available on the website. I will update the website regularly as the class proceeds.

**Articles:**

Most of the readings are available online. You can search all online journals via the UBC Library at [http://toby.library.ubc.ca/ejournals/ejournals.cfm](http://toby.library.ubc.ca/ejournals/ejournals.cfm). I will make sure readings not available online will be posted on WebCT.

**Grading**

Your class grade will be determined based on a midterm exam set for Thursday Oct 25th (35%), a final exam (35%), three or four problem sets (20%) and an in-class presentation of a paper in the reading list (10%). The final exam is not cumulative. Come and talk to me about the paper you would like to present so that we can fit it in the schedule.

**Class Outline and Readings**

**A. Constant Returns to Scale and Perfect Competition**

1. **Gains from trade and comparative advantage**
   - Feenstra Chapter 6 pp.174-188
2. **Technology Differences: Ricardian Trade Theory**

- Feenstra Chapter 1
- Dixit-Norman Chapter 3

3. **Factor Endowment Differences: Heckscher - Ohlin Theory**

- Feenstra Chapter 1 (second part), 2 and 3
- Helpman-Krugman (1985) Chapter 1
- Dixit-Norman Chapter 4

4. **Factor Prices and Trade**
5. Externalities and Trade: External Economies of Scale


B. Increasing Returns to Scale and Imperfect Competition

6. Imperfect Competition and Trade: Oligopoly

- Helpman-Krugman (1985) Chapter 3


a. Without transport costs

- Helpman-Krugman (1985) Chapter 5

b. With Transport Costs. Gravity equation and border effect


c. **With Transport Costs. Home market effect. Economic geography**

- Helpman-Krugman (1985) Section 10.4

8. **Imperfect Competition, Productivity Differences and Trade: the “Firm Heterogeneity” Models and Firm-Level Empirical Evidence**


**9. Multinationals, Outsourcing, the Theory of the Firm and Trade**

- Feenstra Chapter 11.

**C. Dynamic Models**

**10. Dynamics in HO**


**11. Learning by doing**


**12. Endogenous technical change**

- Feenstra Chapter 10.

**D. Trade Policy**

**13. Commercial Policy**

- Feenstra Chapter 7 and 8.

14. **Trade Agreements, Trade Blocs and the WTO**

- Bagwell and Staiger book.

15. **Political Economy of Protection**

- Feenstra Chapter 9