

International Trade: Syllabus

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Course description:

Our goal in this class is to provide you with a thorough knowledge of modern trade theory. Starting from classical trade models, we will cover new trade theory based on increasing returns as well as trade policy questions, and importantly introduce you to currently active research topics. This class is meant to enable you to start doing your own research on topics in international trade, and we hope to achieve this objective by concentrating on workhorse models of trade theory and giving you an overview of active research areas.

Prerequisites:

Good knowledge of microeconomics will be helpful, and prior exposure to international trade is a plus.

Readings:

The required textbook for this class is *Advanced International Trade: Theory and Evidence* by Robert C. Feenstra, Princeton University Press, 2004. Additional readings will be provided as we go along, at the rate of approximately 2 articles a week. These will be handed out in class and/or (depending on class size) linked to on the class webpage if they are available online.

Coursework and grading:

- 4 homeworks (4x5=20% of overall grade), due on May 3/17, June 7/21
- midterm exam (30% of overall grade) on June 28
- assigned paper summary (10% of overall grade), due on Aug 9
- presentation of paper (10% of overall grade) to be delivered on Aug 17-18
- final exam (30% of overall grade) on Sep 7

Logistics:

- for the first part, our class meets on Tuesdays 12-14 in room X-E0-202, and on Wednesdays 12-14 in X-E0-236, starting April 19 thru 2nd week of June
- the exercise session will be given by Lasha Chochua on Mondays 14-16 in U2-223, starting on April 25.
- you can find the class website online at <http://willmann.com/~gerald/trade> where I will post all of the class material.

Outline:

1. Old trade: Ricardo, Heckscher-Ohlin, Specific Factors (Feenstra, Ch 1-3)
2. "New" trade theory: increasing returns (Feenstra, Ch 5)
3. Trade Policy (Feenstra, Ch 7+8)
4. Pareto gains from trade (Feenstra, Ch 6)
5. Political Economy of Trade Policy (Feenstra, Ch 9)
6. The GATT/WTO
7. Preferential Liberalization: Custom Unions and FTAs
8. The gravity equation (Feenstra, Ch 5)
9. New new trade: heterogeneous firms
10. Economies of scope and trade
11. Product quality and trade
12. Upstreamness-Downstreamness
13. Economic Geography
14. Outsourcing and FDI
15. Immigration
16. Labor and Trade
17. Environment and Trade