

Course ID Number: DCC5283
Course Title: International Trade

No. of Credits: 2

Graduate School of International Relations
International University of Japan

Term: Fall 2011

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Course Introduction

Why do nations trade? What determines the pattern of trade? Who gains from trade? This course first investigates the reasons and determinants of trade using well-established theories in the field. Even though most of these theories assume free trade environments, there are a variety of restrictions in the real world. Some people say that these restrictions ought to be lifted, but other people argue the opposite. In this normative perspective, this course examines policies that intend to promote or regulate international trade. Finally, current international trade agreements (bilateral and multilateral) and trade-related organizations, particularly the WTO, will be reviewed.

International Trade: Theory and Policy

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Course Description

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Prerequisite

Microeconomics

Text

Feenstra, Robert and Alan Taylor (2008). *International Economics*. Worth Publishing (Required).
Understanding the WTO & World Trade Report 2008. Downloadable from www.wto.org
Chang, Ha-joon (2008). *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*.

Course Requirements and Grading Scheme

1. Exams: There will be no makeup exams. In the event of emergency or other professorial excuses from the exam, the remaining exams will be re-weighted accordingly.
 - A. Midterm (25%):
 - B. Final (50%, cumulative)
2. Problem Sets (25%): Problem sets will be assigned on Wednesday (not every week) throughout the course. It will be due the following Wednesday in class. Collaboration among students in working out the exercises is encouraged, but each one must submit his/her work. All but one problem set will count.

Course Outline and Reading Materials

1. Introduction: Overview and History of International Trade and the World Trade Organization
 - * Feenstra & Taylor Ch.1
 - * World Trade Organization (2008). *Understanding the WTO*
http://www.wto.org/english/res_e/publications_e/understanding_wto_e.htm
 - *GATT Text of the General Agreement / Marrakesh Agreement Establishing the WTO

2. The Ricardian Model
* Feenstra & Taylor Ch.2
3. The Heckscher-Ohlin Model (Long Run & Short Run)
* Feenstra & Taylor Ch.3, 4
4. Movement of Labor and Capital Between Countries
* Feenstra & Taylor Ch .5
5. Increasing Returns and Monopolistic Competition
* Feenstra & Taylor Ch. 6
* World Trade Organization (2008). *World Trade Report (WTR) 2008*.
http://www.wto.org/english/res_e/publications_e/wtr08_e.htm
6. Tariff, Quota, and Subsidies
* Feenstra & Taylor Ch. 8, 9, 10
7. Debates on Free Trade
* Chang, Ha-joon (2008). *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*.