

INTERNATIONAL UNIVERSITY OF JAPAN
Graduate School of International Relations

Academic Year: 2015/2016

Course	Course code	Course title International Trade and Investment (Spring 2016)	
Name of Instructor	Osamu Nakamura		Credit Number: 2
Instructor's contact Information	Office# 322	Office Hours Thur. & Fri. 13:00-14:00	E-mail: osamu@iuj.ac.jp
Class Schedule Day / Time	Thursday (1) 14:40-16:10 (2) 16:20-17:50		

I. Course Description

This course is intended to analyze International Trade and Investment in the real world economy, and their roles for economic development of a nation, by utilizing several theories and case studies on international trade and investment. In the first half of the term, we are going to study some of the major international trade theories, including international division of labor based on the absolute advantage theory and the principle of comparative advantage, the Heckscher-Ohlin model (H-O-S theorem), New Trade Theory (NTT), New-New Trade Theory (NNTT) and the Mundell-Flemming model (IS-LM-BP). At the same time, we will study several international investment theories associated with trade theories, focusing on the foreign capital transfers among nations and their impacts on international trade and economic growth of a nation.

In the latter half of the term, we are going to analyze the role of international trade and investment for economic growth and development in the real world economy by applying trade and investment theories to the real economies, based on an empirical analysis as a case study. Students are requested to handle the actual data of international trade and investment, utilizing IMF data sources, including International Financial Statistics (IFS), Direction of Trade Statistics (DOT), Balance of Payment Statistics (BOP) and so on, and implement a quantitative analysis by the end of the term for the term paper. In addition, students will present the results of their analysis in the sessions and discuss them among class participants and submit the results as a term paper.

II. Objectives

Applied international economics: this course attempts to study theories of international trade and investment in order to capture the roles of international trade and investment for economic development of a national and the economy. In this term, we analyze current Asian economies focusing on “FDI-Export-Economic Development Nexus” in Asia” with an empirical study. All participants develop a quantitative analysis with E-views, TSP or Stata, etc. and submit the results as a term-paper at the end of the term. Class participation and research presentation will be mandatory.

III. Assessment

Grading policy is as follows:

20% Class participation

30% Midterm exam (small quiz) and presentation 50% Term paper	
IV. Textbook(s)	<p><u>Main reference books</u></p> <p>P. R. Krugman, <i>International Economics, Theory and Policy</i>, Global Edition, Pearson, 2011</p> <p>Roots, F., <i>International Trade and Investment</i>, South-Western Publishing Co. 1990</p> <p>Additional course materials will be distributed in advance.</p>
IV. Class Outline	<ol style="list-style-type: none"> 1. Introduction (Introductory Session and Discussion). 2. The role of international trade and investment for national economies and the world economy. The stage of economic development and international transactions. 4. Theory of international division of labor, absolute advantage and comparative advantage. 5. International division of labor, Heckscher-Ohlin model and New Trade Theory (NTT) with increasing return to scale. 6. Mundell-Flemming model under the full-floating system, Pass-through and Marshall-Lerner stable condition; IS-LM-BP model and open economy tri-lemma. 7. Basic FDI theories: OLI (Ownership-Location-Internalization) Paradigm, Market internalization theory and export-oriented FDI. 8. Offshore supply-chain network, SEZ (Special Economic Zone) and economy and New Trade Theory and New-New Trade Theory. 9-10. Economic integration and international trade and investment: FTA, EPA and the role of economic integration for economic development through international trade and investment. (Midterm Exam and submission of research plan.) 11-12. Case study I: FDI-Exports-Growth Causations in VAR model (Granger Causality). Students' Presentation. 13-14. Case study II: Terms of trade, primary commodity prices and economic development, and presentation by participants and discussion. 15-16. Case study III: Export-oriented FDI and economic development in Asia; Structural Equation Model Approach, and presentation by participants and discussion. 17-18. Case study IV: Supply-chain network and export-oriented economic development in ASEAN; Panel Data Analysis, and Presentation by participant and discussion. 19-20. Students' Presentation and Discussion. 21. Submission of the Term Paper (June 16, 2016)
Others (if any)	Completion of Basic Econometrics, Macro and Microeconomics is mandatory.