

ECON 471  
International Trade

Professor Kar-yiu Wong  
Winter 2016

Classes: MW 8:30-10:20 am, PCAR 395

Office: Savery 352

Office hours: Tuesdays 10:00 a.m. – 12:00 noon

E-mail address: [e471@karyiuwong.com](mailto:e471@karyiuwong.com)

Home page: <http://depts.washington.edu/karyiut/> or <http://faculty.washington.edu/karyiu/>

This course covers various theories of international trade and offers discussion of the welfare impacts of trade policies. It consists of lectures, problem sets, one mid-term exam, and one final exam. The problem sets will be graded and will account for 10% of the total grade. The mid-term exam and final exam will carry weights of 40% and 50%, respectively, for the final grade.

Students are expected to have a good background in intermediate microeconomics and mathematical tools. Simple calculus (mainly differentiation) may be used sometimes in class.

Lecture notes to be covered in class will be posted and can be downloaded. It is advised that you bring a copy of the lecture notes to class. Diagrams to illustrate the lectures will be presented in class.

**Holidays:** Jan 18, 2016, Martin Luther King Day; Feb 15, 2016, Presidents Day.

The UW Department of Economics has a policy on academic misconduct. Academic misconduct includes plagiarism, cheating on examinations or other individual projects or assignments, and the theft or alteration of other persons' work for the purpose of gaining academic credit or of enhancing grades. Download a copy of the department policy at <http://depts.washington.edu/karyiut/e471-13f/AcademicConduct5-13.pdf>

## **TEXT**

Appleyard, Dennis R. and Alfred J. Field, (A&F), *International Economics*, 8<sup>th</sup> Edition, McGraw-Hill, 2014.

## **REFERENCES**

Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz (K&O), *International Economics*, 10<sup>th</sup> edition, Addison Wesley, 2015.

## **1. Partial Equilibrium and Foreign Trade**

Features of world trade: AF, Chapter 1, K&O, Chapter 1.  
Kar-ylu Wong, "Foreign Trade of the Pacific-Rim Economies"

## **2. The Classical Framework and Theory of Comparative Advantage**

A&F\*, Chapters 2 – 4.  
K&O, Chapter 2.

## **3. The Neoclassical Theory**

A&F\*, Chapters 5, 7 – 9.  
K&O\*, Chapters 3 – 5.

## **4. Other Theories of International Trade**

A&F\*, Chapter 10.  
K&O\*, Chapter 6.

## **5. Gains from Trade**

A&F\*, Chapter 6.

## **6. International Factor Movements**

A&F\*, Chapter 12.  
K&O\*, Chapter 7.  
Graham, E. M. and P. R. Krugman, *Foreign Direct Investment in the United States*,  
Washington, D.C.: Institute for International Economics, 1995.

## **7. Tariffs and Trade Theory**

A&F\*, Chapters 13 – 14.  
K&O\*, Chapter 9 – 11.

## **8. Strategic Trade Policy**

A&F\*, Chapter 15.  
K&O\*, Chapter 12.  
Grossman, Gene M.,\* "Strategic Export Promotion: A Critique," in Krugman (ed.),  
*Strategic Trade Policy and the New International Economics*, 1986.

Asterisked items are more important and should be read as soon as possible. These eight sections are listed according to the topics, and they are of different lengths. (For example, Section 3 is much longer, and it is also very important.)