This is an advanced undergraduate course on the theory of international trade. Students taking this one are supposed to have taken a course on the theory of international trade such as ECON 471. If you have not taken ECON 471, you need to check with me to make sure that you have the required background for this class.

This course will extend and apply some of the theories of international trade you learned before. In particular, it will have an emphasis on some of the current trade issues such as international factor mobility, trade wars, trade protection, and economic integration.

To get a credit in this class, you are required to write a term paper and take two examinations. There are extra requirements for the term paper if you want to earn a “W” credit.

Problem sets will be assigned after each section. They have to be handed in by the due day, or they will not be counted toward the final grade. The weights given to the problem sets, term paper, and examinations are 10%, 45%, and 45%, respectively.

You are welcome to send your questions related to this course to my e-mail address. Check my homepage on this course regularly to find out any latest news.
General References:


Newspapers and magazines such as *Wall Street Journal*, *New York Times*, and *Economist*.

(1) Basic Theories

(a) The Neoclassical Framework

a standard trade textbook plus lecture notes

(b) Theory of Monopoly and Duopoly

a standard microeconomics textbook plus lecture notes

(2) International Trade in Goods and Factor Movement

(a) General Theory
(b) Multinational Corporations and Foreign Direct Investment

*lecture notes
*MMKM, Chapter 22.

(c) International Labor Migration

*lecture notes
*Wong, pp. 625 – 636.

(3) Economic Integration

(a) Regionalism: General Theory

*A&F, Chapter 17.
*CFJ, Chapter 14.

(b) Multilateral Trade Negotiations

*King, Chapters 6, 9, 10, 18.

(4) Increasing Returns and Imperfect Competition
(a) General Theory

*K&O, Chapter 7.

(b) Oligopoly and Trade


(c) Differentiated Products and Increasing Returns


(5) Theory of Distortions and Welfare

*BPS, Chapters 17, 28-29.

(6) Strategic Trade Policies


Items with an asterisk (*) are more important and should be read as soon as possible.