

2014-15

Autumn Term · 秋学期

ECO 256

International Trade · 国際貿易

Professor: MONTGOMERY, HEATHER A.

モンゴメリ ヘザー

COURSE DESCRIPTION · 目的:

This course provides an overview of international trade – the movement of goods and services across national boundaries - developing analytic tools that can be used to analyze world economic policy debates. Class meetings are interactive. We will begin most classes with a brief review of current events related to international trade. We then work through together, as a class, one of the models under study or look at some economic data and how it informs our understanding of the models under study.

COURSE LEARNING GOALS · 目標:

After successfully completing this course, students will:

- ✓ Understand the fundamental models of international trade: the comparative advantage based models such as the Ricardian Model, the Heckscher-Ohlin Model and standard model of trade and well as “new” trade theory that explains the phenomenon of intraindustry trade between developed countries.
- ✓ Be familiar with the empirical data supporting or refuting those models.
- ✓ Have the analytic tools to use those models to analyze the effects of economic policy on international trade flows and who the winners and losers are from various policies.
- ✓ Understand current international trade issues and how those issues relate to the theories of international trade.
- ✓ Be able to create and correctly interpret graphs of trade data.
- ✓ Understand the basic structure of economic writing and be able to produce a short report on the international trade of a selected country using the analytical tools learned in the course.

CONTENTS · 内容:

Patterns of Trade: The Quantity & Composition of Trade

An Overview of World Trade

The Gravity Model

The Gains from Trade

Labor Productivity & Comparative Advantage: The Ricardian Model

労働生産と比較優位：リカード モデル

The concept of comparative advantage.

The production possibility frontier (PPF) for home and foreign in a one-factor world.

Relative supply and relative demand - how prices determine what gets produced

The gains from trade in the Ricardian Model.

Misconceptions about Comparative Advantage: unfairness & exploitation.

Empirical evidence on the Ricardian Model.

The Winners and Losers from Trade

Resources, Comparative Advantage & Income Distribution: Heckscher-Ohlin Model

資源、要素と所得分配：ヘクシャー オリーン モデル

The 2x2x2 model: deriving the PPF of home under autarky.

The Stolper-Samuelson Theorem: when prices change

The Edgeworth Box and the Rybczynski Theorem: when endowments change

The 2x2x2 model under international trade

The winners and losers of trade: welfare and income distribution.

Empirical evidence on the Heckscher-Ohlin Model.

The Welfare Effects of Trade

The Standard Trade Model (Interindustry Trade)

貿易の基本モデル

Deriving the PPF, iso-value line, and equilibrium production and consumption.

Defining the terms of trade

The welfare effects of changes in the terms of trade.

World relative supply and demand.

Economic growth, international transfers, import tariffs and export subsidies.

The International Location of Production

Review of monopoly, oligopoly, economies of scale, fixed costs

Monopolistic competition and trade.

Dumping.

External economies of scale and trade.

Firms in the Global Economy

Export Decisions

Outsourcing

Multinational Enterprises

EVALUATION AND GRADING POLICY ・ 成績とグレーディングポリシー:

Grades will be based upon participation, weekly quizzes on the required reading, a 5-page paper due mid-term and a final cumulative exam. 授業への参加、小テスト、期末テストとレポートの総合点で評価。

Reading Quizzes ・ 小テスト(10%): Quizzes are designed to allow students to check their individual mastery of the models and other analytic tools developed in the course. I aim to make the quizzes a basic review of fundamental concepts and allow students to take them “open book”, meaning students may use the textbook, class notes, dictionaries, calculators and other study aids.

Participation ・ 従業への参加(30%): Participation includes contribution to in-class discussions of current events (information distributed separately), working through the course material together, quality of participation in class debates and quality of discussion and debate of issues raised in the case studies.

Mid-Term Paper ・ 論文(30%): A five page (1,000-1,500 words) country report will presenting a selected country's international trade data and discussing how that data supports or refutes one of the models we have studied.

Final Exam ・ 期末テスト(30%): A cumulative exam evaluates students' individual mastery of the models and other analytic tools developed in the course but also goes beyond the quizzes to evaluate students ability to apply those models and analytic tools in analyzing new questions and policy issues related to international trade.

REFERENCE BOOKS ・ 参考文献:

The textbook International Economics: Theory and Policy, by Paul Krugman, Maurice Obstfeld and Marc Melitz, is essential to perform well in this course. The Pearson International Edition (Ninth Edition, published by Addison-Wesley in 2011) is available in the campus bookstore at a reasonable price. Note that the ninth edition contains important updates from earlier editions. With the exception of the first class, reading on each topic should be done before the first class meeting discussing that chapter. A previous edition of the book is available in Japanese: 国際経済 理論と政策 I : 国際貿易(The Japanese translation is divided into volumes I and II, but we will only cover material in volume I in this class on International Trade.)

Other readings may include selected Harvard Business School Publishing Case Studies, including “Toys R Us Japan”

To contribute to class discussion, students will need to stay abreast of current events related to international finance. The Economist (available on-line or in the ICU bookstore), a weekly magazine published out of the U.K., is highly recommended.

NOTE ・ 注意事項:

It is recommended that students have successfully completed the following courses before enrolling in this course:

ECO102, Principles of Microeconomics.

COURSE SCHEDULE ・ コーススケジュール:

*4/W,*4/F

Honkan 304

Contact

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Office Hours: W,F/5 (3:20-4:20) or by appointment in ERB 239

COURSE OUTLINE AND TENTATIVE SCHEDULE (subject to change)

Date	Topic and Required Reading
Wed 9/10 & Fri 9/12	<p>Patterns of Trade: The Quantity & Composition of Trade</p> <p><u>Reading:</u> Krugman, Obstfeld and Melitz (2011) <i>World Trade: An Overview</i>, Chapter 2 in <u>International Economics: Theory and Policy</u>.</p>
Wed 9/17 & Fri 9/19	<p>The Gains from Trade</p> <p><u>Reading:</u> Krugman, Obstfeld and Melitz (2011) <i>Labor Productivity and Comparative Advantage: The Ricardian Model</i>, Chapter 3 in <u>International Economics: Theory and Policy</u>.</p>
Wed 9/24 & Fri 9/26	<p>The Winners from Trade...</p> <p><u>Reading:</u> Krugman, Obstfeld and Melitz (2011) <i>Specific Factors and Income Distribution</i>, Chapter 4 in <u>International Economics: Theory and Policy</u>.</p>
Wed 10/1 & Fri 10/3	<p>...and the Losers</p> <p><u>Reading:</u> Krugman, Obstfeld and Melitz (2011) <i>Resources and Trade: The Heckscher-Ohlin Model</i>, Chapter 5 in <u>International Economics: Theory and Policy</u>.</p>
Wed 10/8 & Fri 10/10	<p>The Welfare Effects of Trade</p> <p><u>Reading:</u> Krugman, Obstfeld and Melitz (2011) <i>The Standard Trade Model</i>, Chapter 6 in <u>International Economics: Theory and Policy</u>.</p>
Wed 10/15 & Fri 10/17	<p>The International Location of Production</p> <p><u>Reading:</u> Krugman, Obstfeld and Melitz (2011) <i>External Economies of Scale and the International Location of Production</i>, Chapter 7 in <u>International Economics: Theory and Policy</u>.</p>
Wed 10/22 No Class	<p>Firms in the Global Economy</p> <p><u>Reading:</u> Krugman, Obstfeld and Melitz (2011) <i>Firms in the Global Economy: Export Decisions, Outsourcing, and Multinational Enterprises</i>, Chapter 8 in</p>

Fri 10/24	<u>International Economics: Theory and Policy.</u>
Wed 10/29 & Fri 10/31	
Wed 11/5 & Fri 11/7	
Thurs 11/13	Make-up Class during Reading Period (TBA)

Dates TBA: **In-Class Debate(s) on Japan and the Trans-Pacific Partnership**

Case Study: Toys R US Japan

Reading period (a day or two with no classes before the final exam period begins) is Wednesday, November 12 and Thursday, November 13. Final exams will be scheduled by the university administration sometime during exam period, Friday, November 15–Thursday, November 20.