

International Trade
IFSA International Business Program in Shanghai

Suggested US semester credit hours: 3 credits

Contact hours: 45

IFSA-Butler course code: ECON380

Course length: Semester

Delivery method: Face to face

Language of Instruction: English

COURSE DESCRIPTION

The aim of this course is to give students the conceptual basis and the necessary tools for understanding modern international trade at the intermediate level. Topics discussed in this course are: gains from trade in a classical world; the modern theory of international trade; factor price equalization; empirical tests and extensions of the pure theory model; economic growth and international trade; the nature and effects of protection; motives and welfare effects of factor movements. Each topic will be followed with evidences, examples and case studies mainly under the context of China's international trade with the U.S. and the rest of the world.

STUDENT LEARNING OBJECTIVES

- Grasp basic theories in international trade, for example, the Ricardian Model, Two-factor model (H-O Model), the Standard Model, etc.,
- Understand present trade conditions in the world, especially from the viewpoint of China, for example, the trade unbalance between the U.S. and China, various trade protectionism (green trade barriers), outsourcing and processing trade, etc.;
- Comprehend the reasons and impacts of trade policies, for example, the impact of WTO, regionalization in Asia-Pacific region, tax rebate and subsidy in exports, etc.
- Become familiar with resources available for further research on international trade.
- Make cognitive connections between learning in this course and other learning experiences in the IFSA International Business Program in Shanghai.

COURSE SCHEDULE

Session 01-14 World Trade: An Overview

The formation of WTO, China's trade performance prior to and post WTO, trade imbalance between China and the U.S.

Reading:

International Economics Ch. 2

Relevant Links: <https://www.wto.org/> ; <http://www.itd.org/> ; <http://www.stats.gov.cn/english/>;

Session 02-14 Labor Productivity and Comparative Advantage: The Ricardian Model

Reading:

International Economics Ch.3

Case Study: Comparison of the wages in the U.S. and China, export contents (i.e. capital/labor intensive goods) of the U.S. vs. China.

Relevant Links: <http://www.usitc.gov/> ; <http://chinadataonline.org/>

Session 03-14 Resources, Comparative Advantage, and Income Distribution

Reading:

International Economics Ch. 4 Part I

Session 04-14 Resources, Comparative Advantage, and Income Distribution

Reading:

International Economics Ch. 4 Part II

Case Study: The North-South Trade: Evidence from China's Trade in last two decades.

Relevant Link: <http://www.stats.gov.cn/english/> ; <http://www.intracen.org/>;

Session 05-14 The Standard Trade Model

Reading:

International Economics Ch. 5

Case Study: Tariffs, nontrade barriers and export subsidies to China's exporters.

Relevant Links: <http://www.bizchinanow.com/>;

Session 06-14 International Factor Movements

Reading:

International Economics Ch. 7

Case Study: FDI in China in last two decades.

Relevant Links: <http://www.imf.org/external/index.htm>;
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTPROGRAMS/EXTTRADERESEARCH/0,,menuPK:544860~pagePK:64168176~piPK:64168140~theSitePK:544849,00.html>;

Session 07 -14 Midterm examination

Session 08-14 Economies of Scale, Imperfect Competition, and International Trade

Reading:

International Economics Ch. 6 Part I

Session 09-14 Economies of Scale, Imperfect Competition, and International Trade

Reading:

International Economics Ch. 6 Part II

Case Study: Intra-industry Trade and the puzzle of export content similarity between the U.S. and China.

Relevant Links: <http://strategis.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home>
<http://www.bea.doc.gov>
<http://cms.cass.cn/indexe.asp>

Session 10-14 The Instruments of Trade Policy

Readings

International Economics Ch. 8

Case Study: Antidumping and China's export.

Relevant Links: <http://www.intracen.org/>; <http://english.mofcom.gov.cn/>

Session 11-14 The Political Economy of Trade Policy

Reading:

International Economics Ch. 9

Case Study: From GATT to WTO.

Relevant Link: <https://www.wto.org/>

Session 12-14 Trade Policy in Developing Countries

Readings:

International Economics Ch. 10

Case Study: China's foreign trade law and customs regulations in last two decades.

Relevant Links: <http://english.mofcom.gov.cn/>; <http://cms.cass.cn/indexe.asp>

Session 13-14 Controversies in Trade Policy

Reading:

International Economics Ch. 11

Case Study: Export and Environment in China.

Relevant Link: <http://cms.cass.cn/indexe.asp>

Session 14-14 Final Examination

REQUIRED TEXT

Krugman, Paul R. and Obstfeld, Maurice . (2008). International Economics: Theory and Policy (8th Edition), Prentice Hall.

Supplemental Course Materials

Feenstra, Robert and Taylor. Alan. (2008). International Trade. Worth Publishers.

Hufbauer, Gary Clyde, Wong, Yee and Sheth, Ketki. (2006). US-China Trade Disputes: Rising Tide, Rising Stakes. *Policy Analyses in International Economics 78*. Peterson Institute for International Economics.

Please read the Relevant Links in each session as Recommended Readings.

Some Useful Sources about Trade

| World | China | The U.S. and Canada |
|--|--|--|
| International Monetary Fund | National Bureau of Statistics of China | U.S. International Trade Commission |
| The World Trade Organization | China Data Online | Bureau of Economic Analysis, Dept. of Commerce |
| UNCTAD/WTO International Trade Center | Ministry of Commerce | International Trade Data page |
| The World Bank International Trade website | China Council for Promotion of Trade | International Trade Canada |
| International Trade and Development Center | Institute of Finance and Trade Economics, CASS | Trade Data Online |

EVALUATION METHODS

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|---------------|-----|
| Midterm Exam | 25% |
| Final Exam | 35% |
| Assignments 1 | 10% |
| Assignments 2 | 10% |
| Presentation | 10% |
| Participation | 10% |

Assessment Criteria

Assignment

Assignment 1: The Ricardian Model;

Assignment 2: The Two-factor Model;

Presentation

Oral Presentation: Economic/trade issues learned in field trip

Grading

Alliance programs utilize the follow standard grading policy well accepted by most US institutions.

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|-----------|----|---------|------|----|--------|----------------|----|--------|
| Excellent | A | 93-100% | Good | B+ | 87-89% | Acceptable | C+ | 77-79% |
| | A- | 90-92% | | B | 83-86% | | C | 73-76% |
| | | | | B- | 80-82% | | C- | 70-72% |
| | | | | | | Unsatisfactory | D+ | 67-69% |
| | | | | | | | D | 63-66% |
| | | | | | | | D- | 60-62% |
| | | | | | | Failing | F | <60% |

COURSE POLICIES

Exams and Assignments

Students are required to take all regularly scheduled exams in courses for which they are registered, and to submit all assignments on time. Any compelling academic, personal, or medical reason that might justify a rescheduled exam or assignment must be brought up to the Resident Director, not program faculty. Failure to take scheduled exams or submit the requisite assignments for a course will adversely affect your grade as per the stated grading criteria for each course.

There will be no make-up exams. If a midterm is missed with valid excuse (i.e. illness with doctor note), Professor will shift the weight to your final exam (30%+50%=80%); if a final exam is missed with valid excuse, you will be asked to write a term paper as a replacement (50%).

Classroom Conduct

Student punctuality is extremely important in China and India. Please do not be late for classes or other activities, as it is considered impolite to do so. It is improper to eat in class, to engage in other activities such as texting, or to slump or nap. Students are expected to be alert and engaged as a sign of respect for their professors.

Attendance

Everyone benefits by learning from each other; if students are not present, it affects everyone and negatively impacts the program. Attendance is required for all classes and mandatory field visits; attendance will be recorded. Students must notify their instructors and the Resident Director ahead of their absence from class or class-related activities. Class participation is expected and is a contributing factor to students' final course grades. Students' grades will be reduced for excessive absences.

TIMELY SUBMISSIONS

Assignments submitted after the deadline will be accepted at the discretion of the course instructor and generally only in the event of a documented illness or emergency.

ACADEMIC INTEGRITY

Any academic endeavor must be based upon a foundation of honesty and integrity. Students are expected to abide by principles of academic integrity and must be willing to bear individual responsibility for their work while studying abroad. Any academic work (written or otherwise) submitted to fulfill an academic requirement must represent a student's original work. Any act of academic misconduct, such as cheating, fabrication, forgery, plagiarism, or facilitating academic dishonesty, will subject a student to disciplinary action.

IFSA-Butler takes academic integrity very seriously. Students must not accept outside assistance without permission from the instructor. Additionally, students must document all sources according to the instructions of the professor. Should your instructor suspect you of plagiarism, cheating, or other forms of academic dishonesty, you may receive a failing grade for the course and disciplinary action may result. The incident will be reported to the IFSA-Butler resident director as well as your home institution.