

University of California, San Diego
Department of Economics
Spring 2008

E 101: International Trade

Prof. Young-Han Kim

Email: kimyh@ucsd.edu

Office Hours: Wednesday 1:00 ~ 3:00 p.m.

Office: Economics Bldg. #112

Lectures: Tu-Th 5:00 – 6:20 p.m. Center Hall 105

Course webpage: <http://webct.ucsd.edu>

Log in with your ID & click [E 101 – 2008 Spring Kim](#)

Personal Webpage: <http://parts.skku.edu/my/kimyh>

Course Description: This course examines theories of international trade in goods and services, as well as international flows of labor and capital, and analyzes trade policies. The course presents the classic trade theory, i.e., the principle of comparative advantage and its income redistribution effects. Moreover, modern trade theories on intra industry trade, factor movements are analyzed. Based on these understanding of the gains from trade in various contexts, the welfare effects of trade policies are examined. In addition to the political economic analysis of each trade policy instrument, the welfare implications of diverse trade interventions are discussed including the international trade policy coordination mechanism.

Textbook

• **Krugman, Paul** and M. Obstfeld, 2007, *International Economics*, 7th Edition, Pearson-Addison Wesley: P

COURSE OUTLINE

I. Classic Trade Theory

1. Introduction to International Trade
2. Comparative Advantage due to Productivity Differences: Ricardian Model
3. The Heckscher-Ohlin Model of Trade: Comparative Advantage due to Endowment Differences
4. The standard trade model and welfare implications

II. Imperfect Competition and International Factor Movement

1. Imperfect Competition and Intra-Industry Trade
2. Trade and External Economies of Scale
3. International Labor Movement and Trade
4. International Capital Movement and Trade

III. Trade Policies

1. Instruments of Trade Policy
2. Political Economy of Trade Policies: Bilateral and Multilateral Trade Arrangement
3. Trade Policies as Economic Development
4. Strategic Trade Policies of Advanced Countries

Grading

Quiz 1 (15%) : April 15, 2008 (Tuesday)

Midterm Exam (30%): May 1, 2008 (Thursday) 5:00 – 6:20 p.m.

Quiz 2 (15%) : May 20, (Tuesday)

Final Exam (40%) : June 12, 2008 (Thursday) 7:00 – 9:59 p.m.

All students must take each exam at the scheduled date and time. Be sure to avoid any conflicts with other exams.

Problem Sets

Problem sets will be assigned but not collected. It is very important that you work on the problem sets and understand them, since they are the best preparation for the exams. Problems will be reviewed in review session which will be announced later.

Review Sessions: (Provisional, confirmed schedule and places will be posted later)

1. April 14 (Mon.) 7:00 ~ 9:00 (p.m) (Place: TBA)
2. April 30 (Wed.) 7:00 ~ 9:00 (p.m) (Place: TBA)
3. May 19 (Mon.) 7:00 ~ 9:00 (p.m) (Place: TBA)
4. June 6 (Fri.) 7:00 ~ 9:00 (p.m) (Place: TBA)

Teaching Assistant Office Hours:

Name	Location	Office Hour
Meng, Juanjuan	Sequoyah Hall 234	Tuesday 1:00- 3:00 (p.m.)
Shafrin, Jason	Econ 125	Monday 9:00 – 11:00 (a.m.)

Class Schedule & Reading Materials (E101)

Topics	Expected Dates for Discussion in Class	Reading Materials (Krugman's Textbook)
I. Classic Trade Theory		
1. Introduction to International Trade	04/01	Krugman, Ch. 2
2. Comparative Advantage due to Productivity Differences: Ricardian Model	04/03, 04/08	Ch. 3 Ch. 4
3. The Heckscher-Ohlin Model of Trade: Comparative Advantage due to Endowment Differences	04/10, 04/15 (1st Quiz)	Ch. 5
4. The standard trade model and welfare implications		Ch. 6
II. Imperfect Competition and International Factor Movement	04/17, 04/22	Ch. 6
1. Imperfect Competition and Intra-Industry Trade	04/24	Ch. 7
2. Trade and External Economies of Scale	04/29	Ch. 7
O Mid-term Exam	05/01	
3. International Labor Movement and Trade	05/06	
4. International Capital Movement and Trade	05/08	Ch. 8 Ch. 9
III. Trade Policies	05/13, 05/15	Ch. 10
1. Instruments of Trade Policy	05/20 (2nd Quiz)	Ch. 11
2. Political Economy of Trade Policies: Bilateral and Multilateral Trade Arrangement	05/22	
3. Trade Policies as Economic Development	05/27, 05/29	
4. Strategic Trade Policies of Advanced Countries	06/03, 06/05	
O Final Exam	06/12	

Administrative Issues:

- (1) If you have a documented disability, please bring your documentation and come to talk to me as soon as possible so that I can make suitable accommodations for you. If you believe that you have a disability and desire accommodation, please register with the Office for Students with Disabilities, Building 202 University Center as soon as possible. For information on the steps for academic accommodation, please see <http://www-senate.ucsd.edu/manual/appendices/app3.htm>.
- (2) Any student found guilty of academic dishonesty will earn a failing grade for the course. In addition to this academic sanction that I will impose, the Council of Deans of Student Affairs will also impose a disciplinary penalty. For a review of UCSD policy, please see <http://www-senate.ucsd.edu/manual/appendices/app2.htm>.
- (3) You will only need a pen or pencil for exams. Exams are closed book and you may not use notes. Exams are completely electronic-free: no calculators, headphones, cell phones, etc. are to be used during an exam.
- (4) If you arrive late to an exam, I will allow you to take the exam in the time that remains *as long as no one has turned in his/ her exam and left the room*. If a classmate has already turned in his/her exam and you arrive late, you will earn a zero on the test.
- (5) If you miss mid-term exam, you will get 0 point and there will be no makeup exam. If you have to miss a midterm for a University approved reason, the weight will be allocated to the final exam. In that case, you need to provide written proofs of your situation. The weights will not be reallocated for any reason.
- (6) UCSD now has automated waitlists. If you have any questions regarding adding or dropping the class, please refer to Triton Link at <https://tritonlink.ucsd.edu/portal/site/tritonlink-preview/menuitem.b4448692267a11256ec5e210514b01ca?storyID=17736%20> or contact the undergraduate advisors in Sequoyah Hall 245.