International Trade (Econ 40003/90019)

This is an honours course in international trade. We will cover theoretical and empirical research on international trade and trade policy under perfect and imperfect competition. We will also cover several advanced topics which reflect current research in the field.

The course requirements include problems sets and a final exam.

Required readings are indicated by an asterisk (*). One book is required for the course:


Use will also be made of numerous articles. Other book length discussions of the some the material covered in this course can also be found in:

Leamer, E., 1984, Sources of International Comparative Advantage Theory and Evidence, MIT (available online at http://www.anderson.ucla.edu/faculty/edward.leamer/books)

Helpman, E. and P. Krugman, 1985, Market Structure and Foreign Trade, MIT (denoted by HK below)


A less technical treatment is available in Markusen, Melvin, Kaempfer, and Maskus (available online at http://spot.colorado.edu/ markusen/textbook.html).
Course Outline

1. Comparative Advantage and Ricardian Theory

   * Feenstra chapter 1


2. The Factor Proportions Theory

   A Theory

   * Leamer chapter 1

   * Feenstra chapter 1 - chapter 3


   HK ch 1

   B. Empirical Studies

   Feenstra, pp. 41-61

3. Increasing Returns, Imperfect Competition and Trade

   A. Theory

      • International Trade

      *Feenstra chapter 5

      HK, chap. 1-9


Ethier, W. “Decreasing Costs in International Trade and Frank Graham’s Argument for Protection”, Econometrica 1982


• Multinationals

* Feenstra chapter 11


B. Empirical Studies

* Feenstra chapter 5

4. Trade Policy

* Feenstra chapter 7 and chapter 9


5. Recent Developments: New New Trade Theory


