Course Syllabus
ECON 7175/8175 – International Trade and policy
Fall Semester, 2015
3.0 Credit Hours
(Last updated: 8/18/2015)

Instructor: Joonhyung Lee, PhD
Phone1: 901.678.1659
E-mail: jlee17@memphis.edu
Office: FCBE #411
Office Hours: M12:00-2:00 and by appointment

Course Overview:
This course is an advanced International Trade course, targeted to second year PhD students. The course introduces students to the theories of international trade. We will start by introducing the traditional theories of international trade (Ricardian model, HO model, Increasing Returns to Scale model), and explore their most recent developments.

We will be particularly focusing on explaining trade from the point of view of individual firms. From this perspective, we will first try and understand the determinants of the decision of firms to export or not and more generally the role of firms heterogeneity in shaping export decisions.

We will introduce multinational production as an additional/alternative possibility for firms to serve foreign markets. We will study the classical theory of multinational firms, based on the proximity-concentration trade-off, and the firm level decision between trade and multinational production. We will explore more recent theory of the international organization of the firm, vertical specialization, outsourcing, and offshoring. We will also explore the effects of multinational production on trade patterns.

Each lecture will provide in-depth coverage of a key contribution; students will be expected to do the readings in advance. Each week a key article will be assigned. Students are required to briefly read this article in advance of the lecture and to present to the class a related article that uses a similar framework.

Pre-Requisites/Co-Requisites:
Econ 6810, Econ 7300
Recommended Texts (Not required):
- Advanced International Trade, Robert Feenstra.
- Handbook of International Trade, edited by Gopinath, Helpman and Rogoff

Location of Course Materials:
All course materials are located on the eCourseware website.

Course Objectives:
By successfully completing this course, students will be able to:

1. Understand the basic theories of international trade
2. Understand and examine the pros and cons of globalization
3. Write a short research paper on the topics related to international trade

Fogelman College: Learning Outcomes for Your Degree
This course is designed to help you to meet the overall learning objectives for the PhD or MA Econ degree offered by the Fogelman College. You should take the time to become familiar with the overall learning objectives as a student:

- [http://www.fcbeassessment.net/LearningOutcomes/PhDDegreeLearningOutcomes.pdf](http://www.fcbeassessment.net/LearningOutcomes/PhDDegreeLearningOutcomes.pdf)
- [http://www.fcbeassessment.net/LearningOutcomes/MAEconDegreeLearningOutcomes.pdf](http://www.fcbeassessment.net/LearningOutcomes/MAEconDegreeLearningOutcomes.pdf)

Grading and Evaluation Criteria
- Before each lecture students will provide (via e-mail) comments on a required reading, which will be sent from me by email. The comments will briefly summarize the paper and, if possible, provide one or two brief insights in the form of a comment (favourable or critical) or a question about the paper. - 30%
- 1 or 2 Class presentations of published papers (depending on the number of students). The paper to be presented should be approved by me. Each presentation will be about 30 minutes long and presented after the lecture. The presentation will start from Oct 14th. – 30%
- Individual research paper should be presented on Dec 2nd or 9th and submitted by Dec 9th. It is ideal to have a complete draft ready to submit to Economics Letters. If that is not possible, it should at least address motivation of the research question, comprehensive literature review, and description of the contributions. - 40%

Final Course Grades

Final course grades are earned according to the following table:
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<thead>
<tr>
<th>Point Range</th>
<th>Assigned Grade</th>
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<tr>
<td>90-100 Points</td>
<td>A</td>
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<tr>
<td>80-90 Points</td>
<td>B</td>
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<td>70-80 Points</td>
<td>C</td>
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<td>60-70 Points</td>
<td>D</td>
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<tr>
<td>Under 60 Points</td>
<td>F</td>
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Final Exam Schedule
The final exam for this class will be scheduled according to the Registrar’s academic calendar website.

Course Policies

E-MAIL:
All students are required to maintain and access their University of Memphis (@memphis.edu) email account. You will receive all official course correspondence at this email account. Any inability to receive incoming mail in a timely fashion (e.g., not regularly checking your email, having a “full mailbox” condition, etc.) is the student’s responsibility.

Attendance:
You are expected to stay active and engaged throughout the academic term and keep up with the schedule of activities. Your full engagement in the class begins on the first day of the semester and should be maintained until the last assignment is submitted.

Academic Integrity:
The University of Memphis has clear codes regarding cheating and classroom misconduct. If interested, you may refer to the Student Handbook section on academic misconduct for a discussion of these codes. Note that using a “Solutions Manual” is considered cheating. Should your professor have evidence that using a “Solutions Manual” has occurred, he/she may take steps as described on the campus’ Office of Student Conduct website. If you have any questions about academic integrity or plagiarism, you are strongly encouraged to review the Fogelman College’s Website on Academic Integrity.

Student Services

Please access the FCBE Student Services page for information about:

- Students with Disabilities
- Tutoring and other Academic Assistance
- Advising Services for Fogelman Students
- Technical Assistance
Course Topics
Readings: (to be continuously updated)
The papers with (*) will be discussed in some ways in the lecture. Additional readings or the papers with (-) are the papers that students choose and present. (R) is the survey paper in the related literature, which is a good starting paper if you are interested in that area.

Part I. International Trade and Firm Heterogeneity

1. Ricardian Models

2. HO Models

3. Introduction: Empirical Evidence on Firm Heterogeneity

4. The Melitz Model

5. Empirics
-Tomiura, Eiichi, 2007. “Foreign outsourcing, exporting, and FDI: A productivity comparison at the firm level,” *JIE*, 72(1)

**Other Readings**

**Part II. Multinationals, Offshore Outsourcing, and the Theory of the Firm**

**6. Introduction, Basic Facts, and Models with Complete Contracts**

**7. Horizontal FDI**
*Oldenski, Lindsay (2011), Export Versus FDI: A Task-Based Framework for Comparing
Manufacturing and Services, JIE

8. Vertical FDI


10. Offshoring (Other Aspects of Multinationals)
Part III. Other Topics and Readings

1. International Trade and Domestic Institutions


2. Trade and Labor Market

(R) Harrison, Mclare, McMillan (2011) “Recent findings on trade and inequality”, *Annual Review of Economics*

liberalization.' Working paper
- Feenstra, Robert C. and Gordon H. Hanson, Globalization, Outsourcing, and Wage Inequality,” American Economic Review, 1996, 86 (2), 240

3. The Impact of Trade Policy