

UNIVERSITY COLLEGE LONDON
Department of Economics

ECON0023 INTERNATIONAL TRADE

Overview

This course provides an introduction to standard topics in international trade. It is targeted at students with some knowledge of economic theory (ECON0013) and econometrics (ECON0019).

The aim is to develop a systematic understanding of both the causes and consequences of international trade. In doing so, we will discuss a series of influential theories (e.g. Ricardian, Specific Factors, Heckscher-Ohlin, among others). We will also cover why and how governments may use trade policy (e.g. tariffs and quotas) to achieve certain objectives. Finally, we will discuss some recent controversies, such as the so-called “China shock” and the US-China trade war.

Class Details

The course is primarily delivered through weekly lectures. In addition, there are four tutorials.

Typical assessments

- *Final quiz* which counts for 50% of the module mark. The content will cover the entire term and there will be MCQ as well as other types of questions.
- *Independent research project* on a topic in international trade and migration. The assessment for this project is usually based on a 1500 word (not including tables, graphs and references) report and counts for 50% of the module mark.

Readings

Weeks 1-7 of the course will follow closely the textbook “International Economics: Theory and Policy” by Krugman, Obstfeld and Melitz (Pearson, 11th/12th edition). For the remaining topics on the so-called “China shock” and the US-China trade war, here is a list of journal articles we will discuss:

- David Autor, David Dorn and Gordon Hanson, “The China Syndrome: Local Labor Market Effects of Import Competition in the United States”, *American Economic Review*. Vol. 103, No. 6, 2013, pp. 2121-2168.
- Justin Pierce and Peter Schott, “The Surprisingly Swift Decline of US Manufacturing Employment”, *American Economic Review*, Vol. 106, No. 7, 2016, pp. 1632-1662.
- Liang Bai and Sebastian Stumpner, “Estimating US Consumer Gains from Chinese Imports”, *American Economic Review: Insights*, Vol. 1, No. 2, 2019, pp. 209-224.
- Loren Brandt, Johannes Van Biesebroeck, Luhang Wang and Yifan Zhang, “WTO Accession and Performance of Chinese Manufacturing Firms”, *American Economic Review*, 2017, pp. 2784-2820.

- Bilge Erten and Jessica Leight, “Exporting out of Agriculture: The Impact of WTO Accession on Structural Transformation in China”, *Review of Economics and Statistics*, 2021, pp. 364-380.
- Mary Amiti, Stephen Redding and David Weinstein, “The Impact of the 2018 Tariffs on Prices and Welfare”, *Journal of Economic Perspectives*, 2019, pp. 187-210.
- Pablo Fajgelbaum, Pinelopi Goldberg, Patrick Kennedy and Amit Khandelwal, “The Return to Protectionism”, *The Quarterly Journal of Economics*, 2020, pp. 1-55.
- Alberto Cavallo, Gita Gopinath, Brent Neiman and Jenny Tang, “Tariff Pass-Through at the Border and at the Store: Evidence from US Trade Policy”, *American Economic Review: Insights*, Vol. 3, No. 1, 2021, pp. 19-34.

Typical Weekly Topics

- Week 1: World Trade: An Overview (Chapter 2)
- Week 2: Labour Productivity and Comparative Advantage: The Ricardian Model (Chapter 3)
- Week 3: Specific Factors and Income Distribution (Chapter 4)
- Week 4: Resources and Trade: The Heckscher-Ohlin Model (Chapter 5)
- Week 5: The Standard Trade Model (Chapter 6)
- Week 6: External Economies of Scale and the International Location of Production (Chapter 7)
- Week 7: The Instruments of Trade Policy (Chapter 9)
- Week 8: Causes and Consequences of the “China Shock”
- Week 9: The US-China Trade War