To get a grade in this course, students will have to work on the problem sets (carrying a weight of 10% of the total grade), a mid-term exam (40%), and a final exam (50%).

**Reading Materials**

*Text:*


Lecture notes on certain topics will be distributed. Other reading materials include academic papers, journal and magazine articles, and the following references.

*References:*


**Syllabus and Reading assignments:**

I. International Trade with A Partial Equilibrium Framework

*AF, Chapter 14 + lecture notes
WO, Chapter 7.
KO, Chapter 2.
FT, Chapter 2.
• Derivation of the free-trade equilibrium in a partial equilibrium framework
• Gains from trade
• Tariffs and their impacts
• Optimal tariff: a small economy, a large economy, and the world
• Duopoly and intra-industry trade
• *Robert Feenstra, “How Costly is Protectionism?” in KK, Chapter 1.

II. General Theory of International Factor Movement – The Host Country

Lecture notes
• Autarkic Equilibrium
• Capital Inflow and the Optimal Policy
• The issues of unemployment

III. General Theory of International Factor Movement – The Source Country + international equilibrium

Lecture notes
• Capital Outflow and the Optimal Policy
• The issues of unemployment

IV. Multinational Corporations and Outsourcing

Lecture notes + references
*KO, Chapter 8
• Theory of Firms and Multinational Corporations
• The OLI Paradigm
• A Multi-Location Monopoly
• Outsourcing and Offshoring
• Case Study: The Production of the B787 by Boeing

V. International Labor Migration

WO, Chapter 14. + lecture notes
• Permanent Migration and the optimal policy
• Temporary Migration
• Brain Drain/Gain
• Illegal Migration
• Case Study: The Mexican (legal and illegal) Immigrants in the United States
• HA, Chapters 3-5

VI. Trade and Goods and International Factor Movements
Lecture notes
- The neoclassical two-factor, two-sector model
- Fundamental trade theorems
- Trade in goods and factor movements as substitutes
- Welfare effects of factor movement in the presence of trade

VII. Direct Investment and Labor Migration in the Real World

Lecture notes and data
- Direct Investment of the United States
- Direct Investment of China
- Labor Migration of the United States

VIII. Economic Integration

Lecture notes
- Theory of economic integration: The Theory of the Second Best
- Regionalism vs Multilateralism
- Trade creation and trade diversion
- Case Study: the North American Free Trade Area (NAFTA), Regional Cooperative Economic Partnership (RCEP), European Union (EU), the Association of Southeast Asian Nations (ASEAN), China’s “Belt & Road” (B&R) Initiative, and Comprehensive and Progressive Agreement for Trans-Pacific Partnership.
- *AF, Chapter 17.

Items with an asterisk (*) are more important and should be read as soon as possible.