

ECON 370

LECTURE 1: INTRODUCTION

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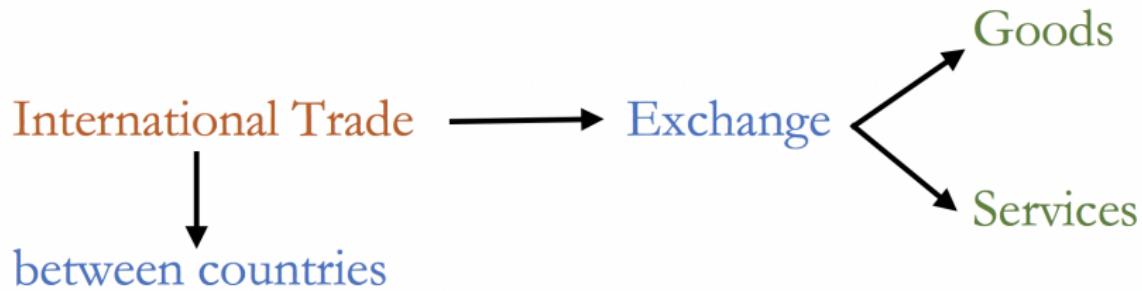
Purdue University

Summer 2018

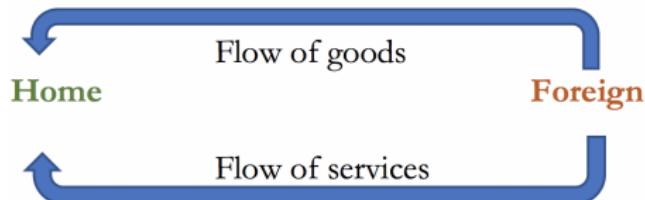
ROADMAP OF LECTURE

- ① Syllabus and Course Details
- ② Basic Concepts of Trade
- ③ Applications and Discussions
- ④ Trends

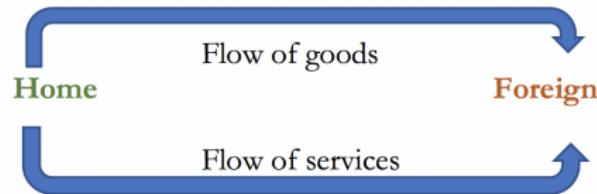
WHAT IS INTERNATIONAL TRADE?



Imports



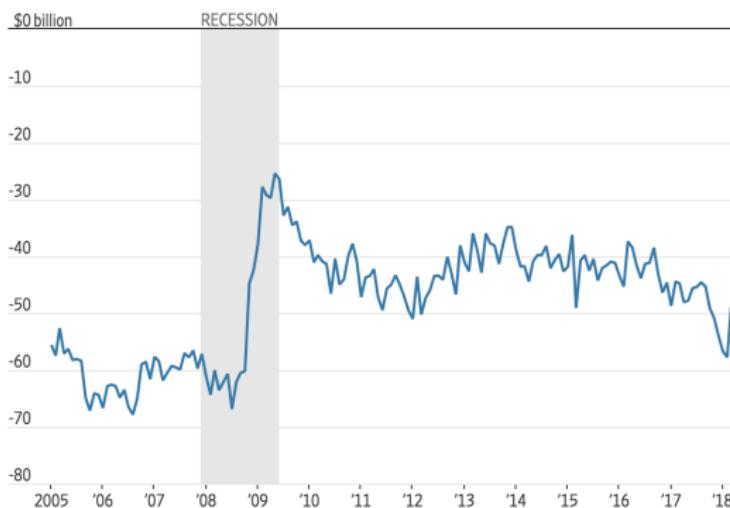
Exports



DISCUSSION 1 : TRADE DEFICIT

A Lesser Deficit

The U.S. trade deficit narrowed in March after widening in the wake of last year's hurricanes

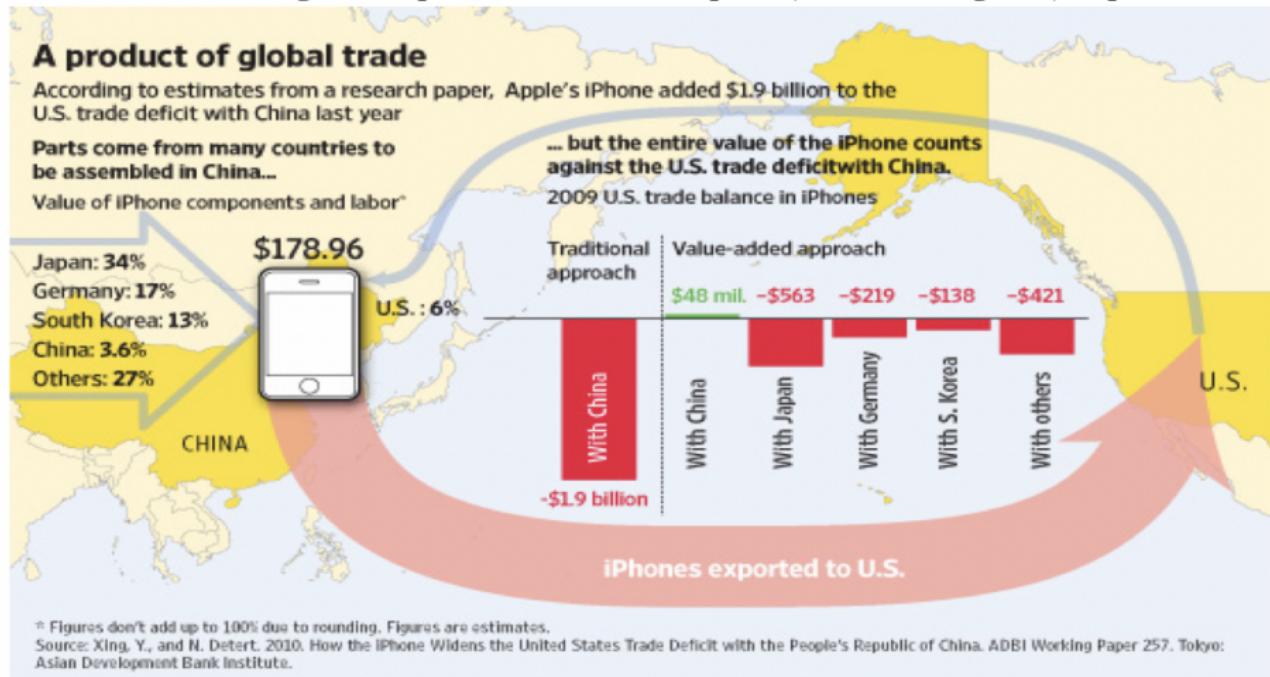


Note: Seasonally adjusted monthly trade balance, goods and services, balance of payments basis

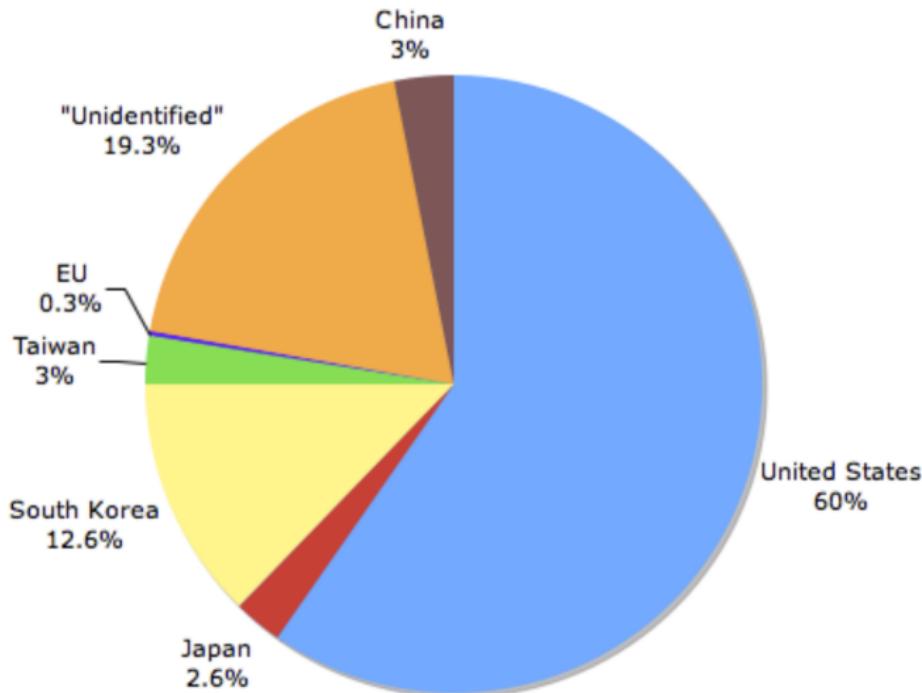
Source: Commerce Department via St. Louis Fed

Link: <https://www.wsj.com/articles/u-s-foreign-trade-deficit-narrowed-in-march-1525350709>

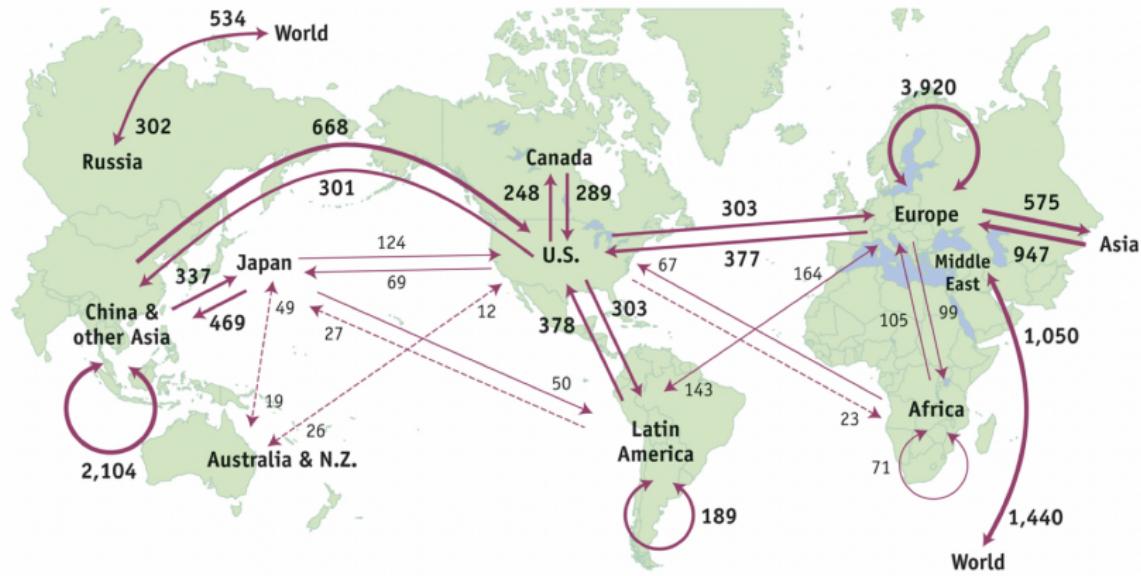
DISCUSSION 2: VALUE ADDED



Who Earns Money When Apple Makes An iPad?



WORLD TRADE FLOW



Total world trade flows in 2010: \$16,800 billion

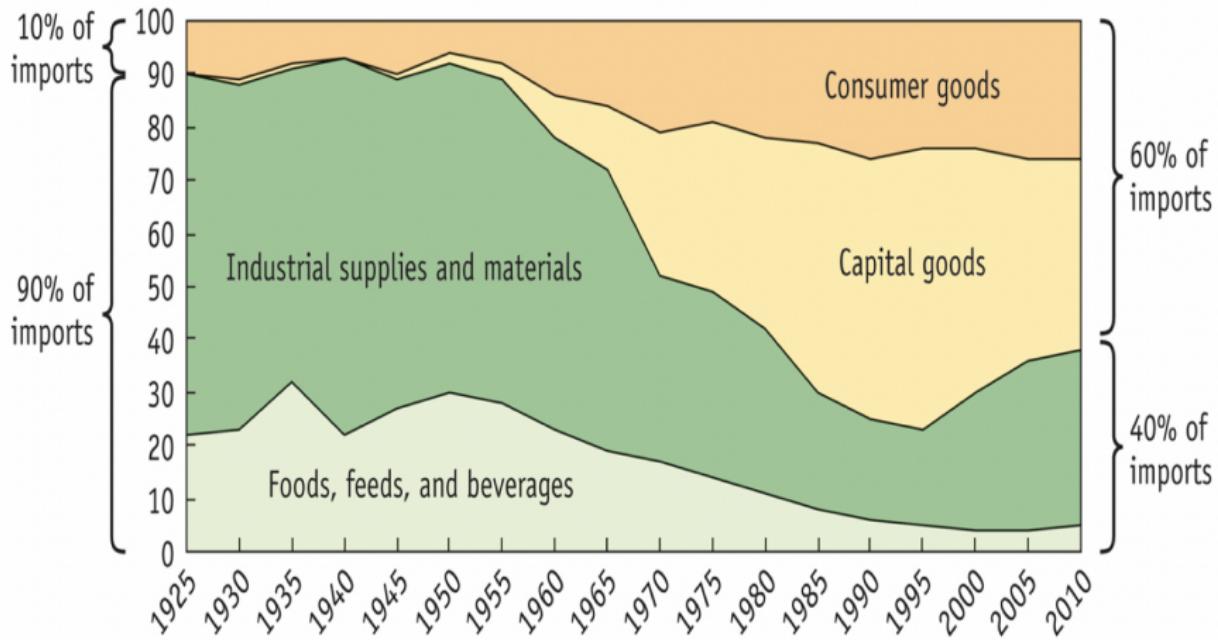
World Trade in Goods

- < \$50 billion
— \$50–150 billion
— \$150–500 billion
— > \$500 billion

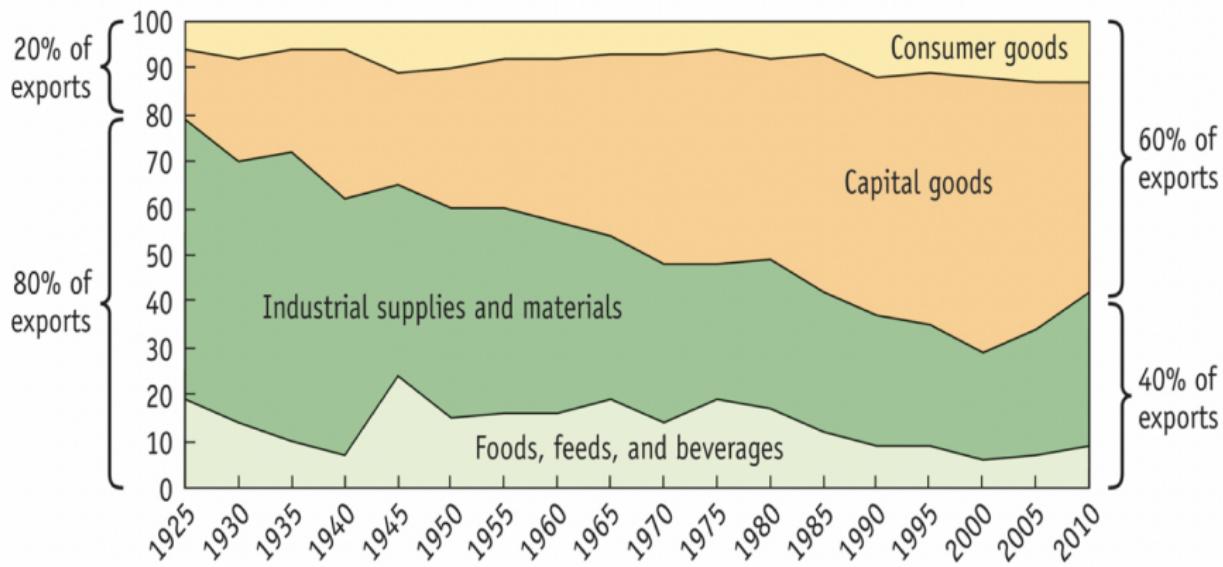
SHARE OF WORLD TRADE

	Share of World Trade (%)		Share of World Trade (%)
Europe (internal trade)	23	Asia (exports)	34
Europe (internal) plus trade with the U.S.	27	Middle East and Russia (exports)	12
Americas (internal trade)	8	Africa (exports)	2
Europe and the Americas (exports)	51	Australia and New Zealand (exports)	1.6

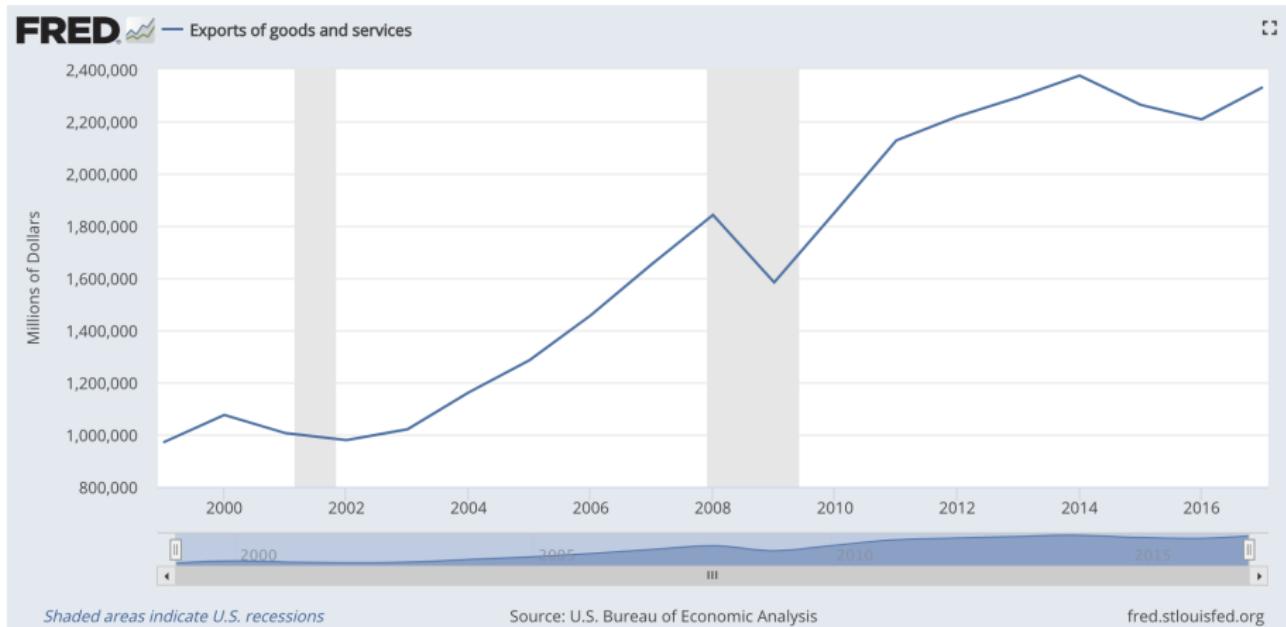
(a) Imports



(b) Exports

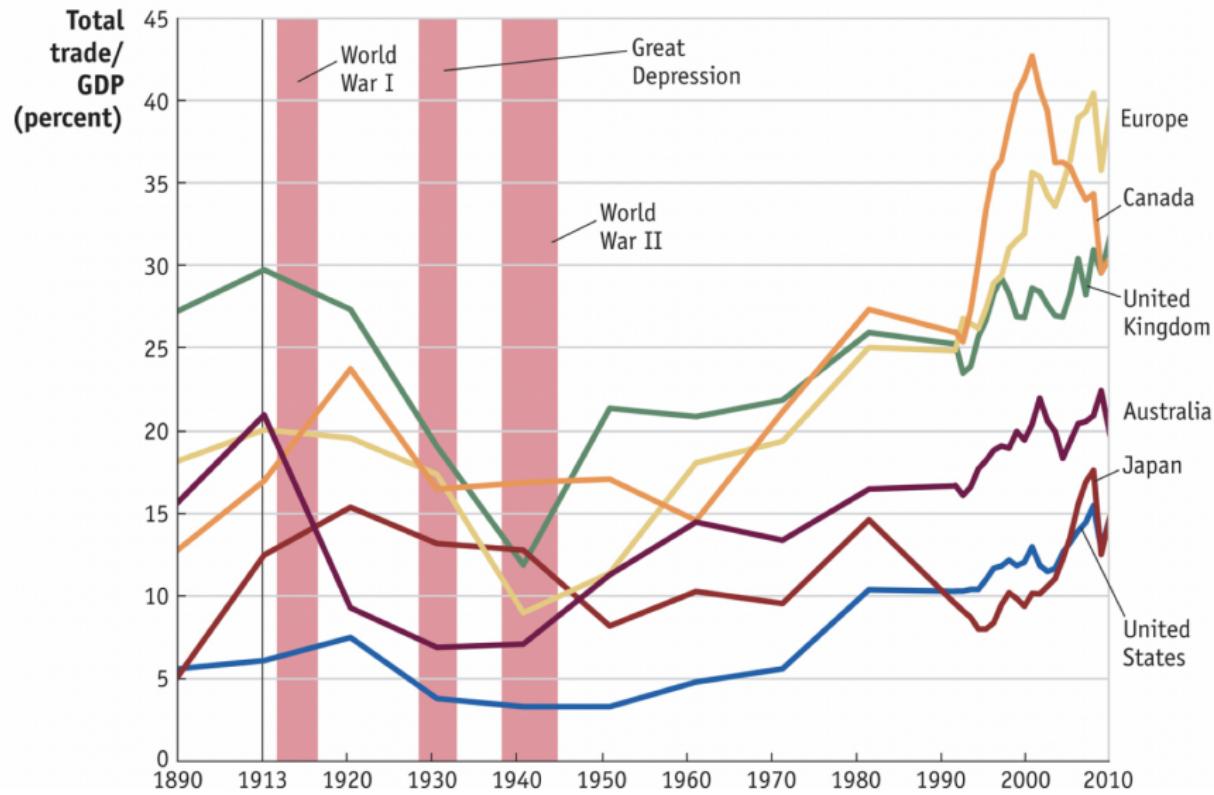


TIMELINE OF EXPORTS OF THE US

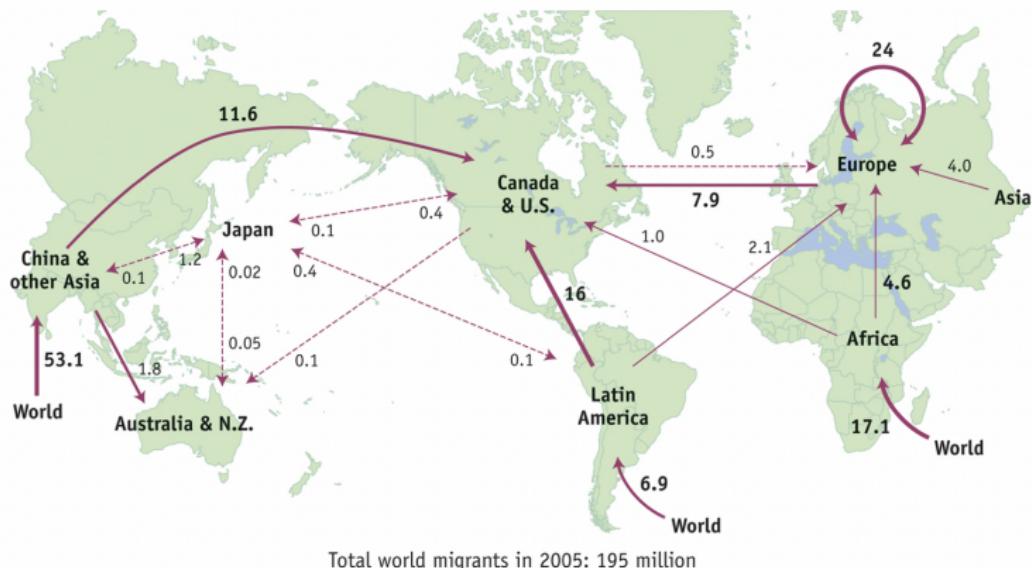


link: <https://fred.stlouisfed.org/series/IEAXGSA>

TIMELINE OF TRADE



Migration: Movement of Labor



World Migration

- > 1 million
- 1-5 million
- 5-15 million
- > 15 million

FDI: MOVEMENT OF CAPITAL



World FDI Stocks

- > \$50 billion
- > \$50–200 billion
- > \$200–1,000 billion
- > > \$1,000 billion