

# International Trade

Sifan Xue

NSD, Peking University

Spring, 2025

E-mail: [sifanx@nsd.pku.edu.cn](mailto:sifanx@nsd.pku.edu.cn)

Office Hours: Wed 9-10am

Office: 255 Chengze Garden, NSD

Class Hours: Tue 6:40-9:30pm

Class Room: 304, Classroom Building No.2

---

## Course Description

This is a one-semester English undergraduate level course in international trade, which explores the economic logic behind complex international economics phenomena. The course begins by introducing a range of classical trade models and using them to explain the causes and welfare implications of trade, including the endowment model, Ricardian model, specific factors model, and Heckscher-Ohlin model. The course further discusses more recent international trade researches like the role of firm heterogeneities and uses simplified partial equilibrium frameworks to examine trade policies and their impacts. Additionally, the course will cover empirical analysis and policy evaluation from cutting-edge academic research, guiding students to apply classroom concepts to understand international trade phenomena and policy issues.

## Books

There is no required textbook for this course; assignments and exams will be based on the lecture materials. For the purpose of facilitating a deeper understanding of classroom concepts and extending reading, the following two reference books are recommended:

- Paul R. Krugman, Maurice Obstfeld, and Marc Melitz. *International Economics: Theory and Policy*. 12th Edition. Pearson, 2022. (hereafter “KOM”).
- Robert C. Feenstra, Alan M. Taylor. *International Trade*. 4th Edition, 2016.

## Grading

### 1. Class Participation: 20%

- Attendance (10%):

There are 16 lectures in total. Excluding the first three weeks when the class roster is still being finalized, and attendance will be taken for the remaining 13 lectures, organized by the teaching assistant. The attendance score is calculated as (allowing each student up to two excused absences):

$$\text{Attendance score} = \max \{ \text{number of attended sessions} + 2, 13 \} \times \frac{10}{13}.$$

- Quizzes on Empirical Literature (10%):

Before empirics-focused lectures, 1-2 key reference papers will be assigned for students to read (focusing on the abstract and introduction). A quiz will be conducted during the lecture, and students will submit it at the end of the class. Scoring is as follows: not completing the quiz = 0 points; incomplete quiz = 0.5 points; fully completed quiz = 1 point. The sum will be adjusted such that the full score is 10.

### 2. Assignments: 20%

There will be four assignments. The lowest score will be dropped, with the remaining three assignments each contributing 20/3% to the total grade. The schedule for assignment distribution and submission will be updated.

### 3. Midterm Exam: 25%

A two-hour in-class exam in English. The exam will cover concepts, derivations, and calculations related to trade models. It will be an open-book exam, and calculators are allowed, but other electronic devices are not.

### 4. Final Exam: 35%

The final exam will be two hours long, provided in English. It will cover the entire semester's content, with more than two-thirds of the weight on material taught after the midterm. It will be an open-book exam, with calculators allowed but no electronic devices.

## Tentative Course Plan

Class	Date	Plan
1	Feb 18	Introduction & Trade Patterns Introduction to trade models; Endowment model
2	Feb 25	The Ricardian Model & Extensions
3	Mar 4	Empirics in Trade 1: Introduction to Empirical Studies Empirics on Comparative Advantages Homework 1 posted
4	Mar 11	Specific Factors Model; The Heckscher-Ohlin Model I Homework 1 due
5	Mar 18	The Heckscher-Ohlin Model II
6	Mar 25	Migration and Offshoring Homework 2 posted
7	Apr 1	Midterm Review Homework 2 due
8	Apr 8	Midterm Exam (open book, open notes)
9	Apr 15	Trade with External Economies of Scale Trade with Monopolistic Competition
10	Apr 22	Trade with Heterogeneous Firms Homework 3 posted
11	Apr 29	Empirics in Trade 2: Trade and firms Homework 3 due
12	May 13	Empirics in Trade 3: Trade costs and economic geography
13	May 20	Tariffs and Trade Policies under Partial Equilibrium Homework 4 posted
14	May 27	Empirics in Trade 5: Topics on China-US Trade Issues Homework 4 due
15	Jun 3	Empirics in Trade 5: Trade and the Environment Final Review
16	Jun 17	Final Exam (open book, open notes)

## **Recommended Readings (Regularly Updating)**

0. General interest: 鞠建东 《大国竞争与世界秩序重构》 北京大学出版社 2024
1. Introduction & Trade Patterns: KOM Chapter 1 & 2  
Introduction to trade models; Endowment model: Begin KOM Chapter 3
2. The Ricardian Model & Extensions: Continue with KOM Chapter 3
3. Empirics on Comparative Advantages: Finish KOM Chapter 3