

Master in International Economics and Public Policy

International Trade (Winter semester 2025/2026)

Contents/Organization/Program/References

(This version: **October 20, 2025**)

Contents

In this course, students learn to competently deal with the theory of international trade, to critically assess both classical and more recent approaches, to confront theoretical hypotheses with empirical evidence, and to apply their insights and findings in discussions about economic policy issues. The course covers central methods and concepts in the field of international trade, such as the determinants of trade patterns, the effects of trade on welfare and the income distribution, the role of imperfect competition and firms in international trade, as well as the effects of trade policy.

Organization

- **Lectures** take place on **Monday**, from **10.15 am to 11.45 am**, in **Room 00 151 P3**. Note that some of the first weeks' tutorial slots will be used for lectures. The **first lecture** will take place on **Monday, November 3, 10.15 am to 11.45 am**, in **Room 00 151 P3**.
- In the **first week** there will also be two more lectures:
 - o **Tuesday, November 4, 2.15 pm to 3.45 pm**, in **Room 00 461 P11**.
 - o **Wednesday, November 5, 4.15 pm to 5.45 pm**, in **Room 00 461 P11**.
- There are **two tutorial groups**, taught by Albi Lika. Students can freely choose which tutorial they want to attend.
 - o **Monday, 12.15 pm to 1.45 pm**, **Room 00 231 HS III**.
 - o **Tuesday, 2.15 pm to 3.45 pm**, **Room -1 341 HS VIII**.
- The **first tutorial** will take place on November 10, 2025.
- See the **detailed schedule** on the **LMS/Moodle platform** at JGU Mainz (<https://lms.uni-mainz.de/moodle>).

- The **lecture and tutorial presentations** (in pdf format) can be downloaded from the **International Trade lecture** site on the **LMS/Moodle platform** at JGU Mainz (<https://lms.uni-mainz.de/moodle>). Those students **who have registered for the course in JOGUSTiNe** will automatically be assigned to the International Trade-course on the **LMS/Moodle platform** and have access to the course material.
- In addition to classroom lectures and tutorials, students will have access to **lecture and tutorial videos** recorded during the **winter semester 2020/21**, which cover roughly (!) the same material. The respective link will be communicated via the course on the **LMS/Moodle platform**. Note, however, that some topics have been dropped and some topics have been added since 2020/21. The contents presented in this winter semester 2025/26 will be relevant for the final exam, and it is your responsibility to be informed about the material covered in class.
- All **changes and news** will be disseminated by email via **LMS/Moodle**. Make sure you regularly check your **JGU students email-address**.

Audience:

The course is a **mandatory “core module”** for students attending the **M. Sc. in International Economics and Public Policy (MIEPP)**. It is also open to foreign students (e.g. in the context of the Erasmus program).

How to proceed:

- Register for the course in **JOGUSTiNe**, which is a prerequisite to be assigned to the **International Trade-course** on the **LMS/Moodle platform**.
- Make sure you regularly check your **JGU students email-address** to which relevant information will be sent.

Contact: Prof. Dr. Philipp Harms / Albi Lika, LsHarms@uni-mainz.de

Program

(Preliminary. This version: October 20, 2025)

1. Introduction

Literature: Hanson (2012); Helpman (2011), chapter 1.

2. Some Basic Analytical Concepts

2.1. Motivation

2.2. The Production Function

2.3. Cost Minimization, Profit Maximization, and Supply

2.4. Utility Maximization and Demand

2.5. Equilibrium

2.6. Outlook

Literature: Varian (1992), chapters 1-9, 13, 17, 26, 27.

3. Technology and Trade: The Ricardian Model

3.1. Motivation

3.2. The Ricardian Model with Two Goods

3.3. A Ricardian Model with Multiple Goods

3.4. The Effects of Tariffs on Prices, Quantities, and Welfare

3.5. Summary and Outlook

Literature: Feenstra (2016 or 2004), chapter 1; Dornbusch et al. (1977), Eaton and Kortum (2012); Helpman (2011), chapter 2, OECD (2013).

4. Factor Endowments and Trade: The Heckscher-Ohlin Model

4.1. Motivation

4.2. The 2x2x2 HO Model

4.3. Empirical Evidence

4.4. Extending the HO Model

4.5. Labor Market Effects of Trade: Empirical Evidence

4.6. Summary and Outlook

Literature: Feenstra (2016 or 2004), chapters 1 – 3; Helpman (2011), chapters 2 and 3; Syme (2013), Autor et al. (2016).

5. Imperfect Competition and International Trade

5.1. Motivation

5.2. Trade under Monopolistic Competition

5.3. Heterogeneous Firms in International Trade

5.4. Summary and Outlook

Literature: Feenstra (2016 or 2004), chapter 5; Helpman (2011), chapters 4 and 5; Melitz and Trefler (2012).

References

For technical aspects of this course, the best reference is the graduate textbook by Robert Feenstra:

Feenstra, R. (2016): *Advanced International Trade, 2nd edition*, Princeton University Press.

Note that you may also use the first edition of that book (Feenstra 2004).

In addition, students are referred to the following excellent undergraduate textbooks:

Feenstra, R. and M. Taylor (2021): *International Economics, 5th edition*, Worth Publishers.

Krugman, P. , M. Obstfeld and M. Melitz (2022): *International Economics – Theory and Policy 12th edition*, Pearson.

Note: For most topics, previous editions of these textbooks are also fine.

A non-technical approach to the theory and empirics of international trade (and an up-to-date literature survey) is provided by:

Helpman, E. (2011): *Understanding Global Trade*, Cambridge MA and London (The Belknap Press of Harvard University Press).

A somewhat dated, but still excellent introduction to advanced microeconomics is

Varian, H.R. (1992): *Microeconomic Analysis*, 3rd edition, Norton.

In addition to textbooks, I will also refer to the following **papers** or **books**:

Amiti, M., M. Dai, R.C. Feenstra, and J. Romalis (2018): “How did China’s WTO entry affect U.S. prices?”, *NBER Working Paper No. 23487*.

Arkolakis, C., A. Costinot and A. Rodriguez-Clare (2012): “New Trade Models, Same Old Gains?” *American Economic Review* 102, 94-130.

Autor, D., D. Dorn and G. Hanson (2013): “The China Syndrome: Local Labor Market Effects of Import Competition in the United States”, *American Economic Review* 103, 2121–2168.

Autor, D., D. Dorn and G. Hanson (2016): “The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade”, *Annual Review of Economics* 8, 205–40.

Bernard, A. B., J. Eaton, J.B. Jensen, and S. Kortum. (2003): “Plants and Productivity in International Trade”, *American Economic Review* 93, 1268-1290.

Bowen, H.P. E.E. Leamer, and L.Sveikauskas (1987): “Multicountry, Multifactor Tests of the Factor Abundance Theory”, *American Economic Review* 77, 791-809.

Chamberlin, Edward (1936): *The Theory of Monopolistic Competition: A Re-Orientation of the Theory of Value*, Cambridge (Harvard University Press).

Dixit, A.K. and J.E. Stiglitz (1977): “Monopolistic Competition and Optimum Product Diversity”, *American Economic Review* 67, 297-308.

Dornbusch, R., S. Fisher, and P. A. Samuelson (1977): “Comparative Advantage, Trade, and Payments in a Ricardian Model with a Continuum of Goods”, *American Economic Review* 67, 823-839.

Davis, D.R. and D.E. Weinstein (2001): “An Account of Global Factor Trade”, *American Economic Review* 91, 1423-1453.

Debaere, P. (2005): “Monopolistic Competition and Trade, Revisited: Testing the Model without Testing for Gravity”, *Journal of International Economics* 66, 249-266.

Eaton, J. and S. Kortum (2012): “Putting Ricardo to Work”, *Journal of Economic Perspectives* 26, 65-90.

Feenstra, R. and A. Sasahara (2018): “The “China Shock”, Exports and U.S. Employment: A Global Input-Output Analysis”, *Review of International Economics* 26, 1053-1083.

Feyrer, J. (2019): “Trade and Income – Exploiting Time Series in Geography”, *American Economic Journal: Applied Economics* 11, 1-35.

Harms, Philipp and Nils Steiner (2023): "Attitudes towards Globalization: A Survey", *Gutenberg School of Management and Economics & Research Unit "Interdisciplinary Public Policy" Discussion Paper No. 2305*.

Haugh, D., A. Kopoin, E. Rusticelli, D. Turner and R. Dutu (2016): "Cardiac Arrest or Dizzy Spell: Why is World Trade So Weak and What can Policy Do About It?" *OECD Economic Policy Papers 18*.

Krugman, P.R. (1979): "Increasing Returns, Monopolistic Competition, and International Trade", *Journal of International Economics 9*, 469-479.

Krugman, P.R. (1980): "Scale Economies, Product Differentiation, and the Pattern of Trade", *American Economic Review 70*, 950 - 959.

Lang, V.F. and M. Mendes Tavares (2018): „The Distribution of Gains from Globalization”, *IMF Working Paper No. 18/54*.

Leamer, E.E. (1980): "The Leontieff Paradox, Reconsidered", *Journal of Political Economy 88*, 495-503.

Leamer, E.E. (1984): *Sources of International Comparative Advantage: Theory and Evidence*, Cambridge MA (MIT Press).

Leontief, W.W. (1953): "Domestic Production and Foreign Trade: The American Capital Position Re-examined", *Proceedings of the American Philosophical Society 97*, 332-349.

Levchenko, A.A. (2007): "Institutional Quality and International Trade", *Review of Economic Studies 74*, 791-819.

Melitz, M. J. (2003): "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity", *Econometrica 71*, 1695–1725.

Melitz, M.J. and D. Trefler (2012): "Gains from Trade when Firms Matter", *Journal of Economic Perspectives 26*, 91-118.

Morrow, P.M. (2010): "Ricardian-Heckscher-Ohlin Comparative Advantage: Theory and Evidence", *Journal of International Economics 82*, 137-151.

Nigai, S. (2023): "Selection effects, inequality, and aggregate gains from trade", *Journal of International Economics 142*, 103752.

Obstfeld, M. and K. Rogoff (1996): *Foundations of International Macroeconomics*, Cambridge MA (MIT Press).

OECD (2013): *Interconnected Economies – Benefitting from Global Value Chains*, Paris (OECD), available at http://www.oecd-ilibrary.org/trade/interconnected-economies/revealed-comparative-advantage-rca-in-gross-and-value-added-terms-2009_9789264189560-graph15-en

Ossa, R. (2015): "Why trade matters after all", *Journal of International Economics* 97, 266-277.

Rodrik, D. (2021): "Why Does Globalization Fuel Populism? Economics, Culture, and the Rise of Right-Wing Populism", *Annual Review of Economics* 13, 133-170.

Romalis, J. (2004): "Factor Proportions and the Structure of Commodity Trade", *American Economic Review* 94, 67-97.

Syme, Lorna (2013): "The Political Economy of Protection: (How) do Distributional Interests Affect Trade Policy?", term paper written for the MIEPP research module "International Economic Policy" (winter semester 2012/13)