

International Trade

Global Program on Economics and Finance (2021 Fall)

Course Title	International Trade		
Credit	3	Credit Hours	48 credit hours
Course Objectives	Demonstrate understanding of essential concepts of international trade and related professions.		
Course Description	This course covers the basics of international trade theory and policy. It introduces students to the main theoretical concepts of international trade, ranging from the Ricardian comparative advantage theory to the new trade theory. This course explores the patterns of trade among countries, policies that impede or promote free trade, as well as their welfare and distributional implications.		
Course Requirements: Prerequisites: Principle of Economics			
Teaching Methods: Lecture (online live)			
Course Schedule			
Week	Lecture topic	Tutorial topic	Assignments and skill development
1	What is International Economics About?	Ch1	Discussion on Gains from Trade, the Gravity Model, Impediments to Trade and the Changing Pattern of World Trade
2	World Trade: An Overview	Ch 2	To cultivate students' mindset for international trade.
3	Labor Productivity and Comparative Advantage: The Ricardian Model	Chp 3	Discussion on Comparative Advantage and Ricardo Model To cultivate students' basic theory and mind set for comparative advantage.
4	Resources, Comparative Advantage, and Income Distribution	Ch 4	Discussion on A Model of a Two-Factor Economy, the Political Economy of Trade, the Heckscher-Ohlin Model To cultivate students' analytical ability and skills of applying international theory.
5	The Standard Trade Model	Ch 5	Discussion on A Standard Model of a Trading Economy, International Transfers of Income, and Tariffs and Export Subsidies To cultivate students' analytical ability and skills of applying international theory.

6	Economies of Scale, Imperfect Competition, and International Trade	Ch 6	Discussion on Economies of Scale, Imperfect competition, External Economies and International Trade To cultivate students' analytical ability.
7	International Factor Movements	Ch 7	Discussion on International Labor Mobility, and International Borrowing and Lending To cultivate students' mindset for international factor movements.
8	The Instruments of Trade Policy	Ch 8	Discussion on Basic Tariff Analysis, and other instruments of Trade Policy To cultivate students' basic knowledge and mindset for trade policy.
9	The Political Economy of Trade Policy	Ch 9	Discussion on Free Trade, Income Distribution and Trade Policy, International Negotiations and Trade Policy To cultivate students' analytical ability and skills of applying trade policy
10	Trade Policy in Developing Countries	Ch 10	Discussion on Import-Substituting Industrialization, and Export-Oriented Industrialization To cultivate students' analytical ability and skills of applying trade policy
11	Controversies in Trade Policy	Ch 11	Discussion on Sophisticated Arguments for Activist Trade Policy, and Globalization and the Environment To cultivate students' analytical ability
12	Revision	Ch 1 – 11	Revision of all topics

The design of class discussion or exercise, practice, experience and so on:

This course is taught in lectures, group discussions and practical group workshops. The lectures provide the structure of the topic, discussion of the theory and some practical examples. The group discussions provide an opportunity to discuss ideas, ethical issues and make practical application of the trading theory as a team. The group workshops provide students a chance to apply those skills to serve different organizations.

Grading & Evaluation:

Assessment Tool 1: Assignment

Students are expected to form a group of 5-6 people. Each group is required to finish a case study based on the theories and concepts delivered from chapter 1-11.

Assessment Tool 2: Final Exam

Final exam is a 120-minute close-book examination. It covers all the topics from week 1 – 11.

	Assessment Tool	Weight	Due Dates
1	Assignment	40%	Week 10

	2	Final Exam	60%	Exam Week	
<p>Teaching Materials & References:</p> <p>International Economics: Theory and Policy (trade part), Paul R. Krugman; Maurice Obstfeld; Marc J. Melitz, Ninth Edition. PEARSON. Tsingsua Publishing Company.</p> <p>1. New Trade Models, New Welfare Implications Marc J. Melitz, Stephen J. Redding American Economic Review. VOL. 105, NO. 3, MARCH 2015, pp. 1105-46.</p> <p>2. Poultry in Motion: A Study of International Trade Finance Practices Pol Antràs, C. Fritz Foley Journal of Political Economy. VOL. 123, NO. 4, August 2015, pp. 853–901.</p> <p>3. Comparative Advantage and Optimal Trade Policy Arnaud Costinot, Dave Donaldson, Jonathan Vogel and Iván Werning The Quarterly Journal of Economics (2015) 130 (2): 659-702.</p> <p>4. Dynamic Selection: An Idea Flows Theory of Entry, Trade, and Growth Thomas Sampson The Quarterly Journal of Economics (2016) 131 (1): 315-380.</p> <p>5. Estimates of the Trade and Welfare Effects of NAFTA Lorenzo Caliendo, Fernando Parro Review of Economic Studies (2015) 82 (1): 1-44</p> <p>6. A Linder Hypothesis for Foreign Direct Investment Pablo Fajgelbaum, Gene M. Grossman, Elhanan Helpman Review of Economic Studies (2015) 82 (1): 83-121.</p>					