

Syllabus (v.2c)

ECON 4364 International Trade and Investment
Hong Kong University of Science and Technology
School of Business and Management
Department of Economics
Spring 2019

Class time and location: Tu, Th 12:00 Noon - 01:20PM; Rm 2405, Academic Building (Lifts 17-18)
Instructor: Professor Edwin LAI, Department of Economics
Office location: LSK 6079
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Tutorial time and location: Mo 04:30PM - 05:20PM; Rm 1034, LSK Building
Teaching Assistant: Peter Ka TSUI
Office location: LSK 6066
Office hours: Tu 04:00PM – 05:30PM
Office Phone: 34692668
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Course description

In this course, we shall study the causes and consequences of international trade, the political economy of trade and trade policies. Course consists of two parts. Part I discusses the pattern of international trade, why nations trade, what they trade, and who gains from trade. Part II analyzes the motives for countries to implement policies that restrict international trade, and the welfare implications of those trade policies.

Economic models will be used extensively to analyze the questions whenever necessary, and the application of these models to the real world would also be emphasized.

Real world issues and policies will be discussed throughout the course. These include trade agreements, trade war, World Trade Organization, and so on. The cases in the textbook would be frequently used to illustrate how the theory is applied to the real world.

Learning Outcomes – School Intended Learning Outcomes (“SILOs”):

Upon successful completion of this course, you should be able to:

- 1) Get general knowledge about the economics of international trade. Identify the main questions and issues in international trade and learn how to analyze them. Learn a few models and theories in international trade and how they can be applied to the real world. (SILO # 4.1)
- 2) Apply the concepts, principles, and models learned in this course to analyze issues and policies in international trade. (SILO # 4.2 and # 6.1)
- 3) Communicate effectively in oral and written English when analyzing economic issues. (SILO # 2)

Hopefully, you can also

4) Analyze the consequence of an international trade shock or a policy change and provide policy suggestions to governments and international organizations. (SILO # 4.3)

5) Develop an interest in international trade and a desire for further study. (SILO # 9)

For the details of SILOs, please refer to:

<http://www.bm.ust.hk/sbmlern/eng/thirdcat.php?sid=5&thirdid=3>

Teaching Approach

This course is primarily delivered through lectures, tutorials, class discussion and homework.

The course is designed to help students cultivate the habit of thinking critically and independently yet working cooperatively. The basic teaching materials closely follow the main textbook and lecture notes. Additionally we will use cases and newspaper articles for discussion in class.

Teaching and Learning Activities	Roles in the Course	Course Learning Outcome addressed
Lectures with in-class discussions	Explain key concepts and models to students	1, 2, 3, 4, 5
Tutorials	Review basic model and concepts, practice problem-solving, explain answers to homework and exams	1, 2, 3
Homework assignments	Practice problem solving, apply models to analyze international economic issues	1, 2, 3, 4

Reading Material

Required textbook:

Krugman, Obstfeld and Melitz, *International Trade: Theory and Policy*, eleventh edition, Pearson Publisher (abbreviated as KOM)

Supplementary textbook (you can find it in the library):

Feenstra, Robert C. and Taylor Alan M., *International Economics*, 2nd edition, Worth Publishers (abbreviated as FT)

Supplementary reading material will be posted for students to download during the semester.

Assessment

Assessment Activities	Weighting	Relevant information	Course learning outcomes assessed
Final Examination (closed book)	40%	Date: TBA	1, 2, 3
Mid-term exam 1 (closed book)	22.5%	Date: 14 Mar, in class	1, 2,3
Mid-term exam 2 (closed book)	22.5%	Date: 16 Apr, in class	1, 2, 3
Homework assignments (about five to six)	10%	Need to submit, and credits will be given if seriously attempted	1, 2, 3
Participation	5%	Attendance, asking and answering questions in class and tutorial	1, 2, 3, 4

The earlier part of the course will be tested in two mid-term examinations. The mid-terms are in-class, and each lasts for one hour and twenty minutes. The dates of the mid-terms are listed in the above table. You must take them on those dates. No make-up mid-term exams would be provided. Any excuse of absence from the mid-term exams due to conflicts with other activities will not be accepted. The final examination is three-hour long and will cover all the material taught in the course, with an emphasis on the later part of the course. The final examination will be held during the regular examination period.

About five or six problem sets will be given. When a problem set is due and submitted, the answers will be discussed in the tutorial. No late submission will be accepted.

Student participation is taken seriously. Attendance will be taken in each class and tutorial. Students are expected to have read the relevant material before coming to class/tutorial, and to come prepared with questions. It must be emphasized that participation is not simply being there. Those who do not participate actively may be given "cold calls".

Students are encouraged to discuss with each other how to tackle the problem sets but each student must submit his/her own homework.

Tutorials will be arranged when needed. A typical tutorial session would be held after problem sets are submitted. TA may also hold Q/A session and/or review session using tutorial time in other weeks.

Plagiarism and cheating

Plagiarism and cheating in exams, tests and assignments are serious offences. The university takes these cases seriously. If you are found guilty, you can be failed for the class and even expelled from the university.

If there is evidence that you copy problem set answers from each other or some leaked answer key, that is considered cheating.

Final Note:

Student feedback is essential for course improvement. I encourage continuous teaching evaluation. At any time during the semester you may verbally or anonymously (e.g., via campus mail, or slip a note under my office door) give me your feedback of my teaching. This evaluation could include the following headings: 1) Things that I like; 2) Things that I dislike; and 3) Suggestions for improvements.

Econ4364 Spring 2019 Preliminary Schedule (It may change according to the pace of teaching)

<u>Session</u>	<u>Month</u>	<u>Day of month</u>	<u>Day of week</u>	<u>Chapter</u>	<u>Tutorial dates</u>
1	Jan	31	Th	1,2	
2	Feb	12	Tu	3	
3		14	Th	3	
4		19	Tu	3	
5		21	Th	3	
6		26	Tu	5	PS1 due 25 Feb
7		28	Th	5	
8	Mar	5	Tu	5	
9		7	Th	5	
10		12	Tu	6	PS2 due 11 Mar
11		14	Th	MT1	
12		19	Tu	6	
13		21	Th	6	
14		26	Tu	7	
15		28	Th	7	
16	Apr	2	Tu	8	PS3 due 1 Apr
17		4	Th	8	
18		9	Tu	9	PS4 part 1 due 8 Apr
19		11	Th	9	
20		16	Tu	MT2	
21		25	Th	10	
22		30	Tu	10	PS4 part 2 due 29 Apr
23	May	2	Th	11	
24		6	Mo	11, 12	Tutorial on 6 May becomes lecture
25		7	Tu	12	
26		9	Th	12	PS5 due 9 May (part of lecture becomes tutorial)
Self-reading				4	

MT1 = Mid-term 1: ch 1, 2, 3, 5

MT2 = Mid-term 2: ch 6, 7, 8

Final exam: Comprehensive; heavier weight would be put on material not tested in mid-terms, but it covers all chapters

PS1: ch 3

PS2: ch 5

PS3: ch 6, 7

PS4: ch 8, 9

PS5: ch 10, 11, 12

Textbook chapter titles

1 Introduction

Part 1 International Trade Theory

2 World Trade: An Overview – Who trade with whom, and what do they trade?

3 Labor Productivity and Comparative Advantage: The Ricardian Model

4 Specific Factors and Income Distribution (will not be covered in this course)

5 Resources and Trade: The Heckscher-Ohlin Model

6 The Standard Trade Model

7 External Economies of Scale and the International Location of Production

8 Firms in the Global Economy: Export Decisions, Outsourcing, and Multinational Enterprises

Part 2 International Trade Policy

9 The Instruments of Trade Policy

10 The Political Economy of Trade Policy

11 Trade Policy in Developing Countries

12 Controversies in Trade Policy