

COURSE CONTENT

Course Coordinator	-
Course Code	HE2013
Course Title	International Trade
Pre-requisites	HE1001 Microeconomics Principles/ HE9091 Principles of Economics/ AB0901 Principles of Economics: A Singapore Perspective
No of AUs	3
Contact Hours	39 hours (2 hours lecture and 1 hour tutorial per week)

Course Aims

This course will explain why and how trade happens by introducing the principle of comparative advantage, the Ricardian model, the specific-factors model, the Heckscher-Ohlin theory, the gains from trade, and other new trade theories. The effects of international trade, migration, foreign direct investment and offshoring will then be discussed. Both theoretical foundations and practical examples will be presented along the way. Based on these, this course will further discuss about international trade policies, effective protection, instruments and impacts of trade policies, along with the political economy of trade policy and international agreements. This course will be mostly introductory and most of the theories will be illustrated by graphic tools instead of mathematical derivations. However, certain minimum math technique is required, such as basic calculus and derivatives with application to simple maximization problems. We will have some quantitative exercises when discussing the optimal trade policies and welfare.

Intended Learning Outcomes (ILO)

Using the tools of microeconomic analysis, students will be able to

1. Explain the origins and patterns of international trade as well as the welfare and distributional impacts of trade among various groups in the economy, such as gains and losses in trade.
2. Describe the controversies in real world trade policies, such as the debates between protection and free trade. Comment on some of the current trade policy issues
3. Offer insights based on economic principles on the dynamics of the global economy as well as the current and future state of international economic order.

Course Content

Here is a list of topics to be discussed in this module:

1. Overview of Trade in the Global Economy
2. The Ricardian Model: Comparative Advantage
3. The Specific-Factors Model
4. The Heckscher-Ohlin Model
5. Migration and Foreign Direct Investment
6. Offshoring
7. Imperfect Competition
8. Instruments of Trade Policy; The Political Economy of Trade Policy
9. International Agreements

10. Trade Policy in Developing Countries, Trade with Growth

Assessment (includes both continuous and summative assessment)

1. Continuous Assessment	:	40%
2. Final Examination	:	60%
Total	:	100%

Reading and References

Feenstra, Robert C. and Alan M. Taylor, International Trade (2e), Worth Publishers, 2012. (Note: The first edition of this textbook will also work.)

Krugman, Paul, Maurice Obstfeld and Marc Melitz, International Economics: Theory and Policy (9th Edition), Addison Wesley, 2012.

Feenstra, Robert C., Advanced International Trade, Princeton: Princeton University Press, 2004.

Course Instructors

Instructor	Office Location	Email
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Planned Weekly Schedule

Teaching Week	Topic	Course LO	Readings/ Activities
1	Introduction	2,3	Feenstra and Taylor (FT) Chapter 1
2	The Ricardian Model	1,2	FT Chapter 2
3	Specific-Factor Model	1,2	FT Chapter 3
4	HO Model	1,2	FT Chapter 4
5	Immigration and FDI	1,2	FT Chapter 5
6	Offshoring	1,2	FT Chapter 7
7	Monopolistic Competition and Trade	1,2	FT Chapter 6
8	Trade Policy under Perfect Competition	1,2	FT Chapter 8
9	Trade Policy under Imperfect Competition	1,2	FT Chapter 9
10	Subsidy	1,2	FT Chapter 10
11	International Agreement	1,2,3	FT Chapter 11
12	Trade and Development	1,2,3	Lecture Notes
13	Revision	1-3	