

Course Title	:	International Trade and Trade Policy
Course Code	:	ECO 4305
Recommended Study Year	:	3 or 4
No. of Credits/Term	:	3
Mode of Tuition	:	Sectional Approach
Contact Info	:	Instructor: Daniel Cheung PhD Email: dancheung@ln.edu.hk
Office Hours	:	By appointment or Zoom consultation
Category in Major Prog.	:	Major in Economics (Elective Course), IEP/GS Major (Elective Course), GEB Major (Required Course)
Discipline	:	Economics
Prerequisite(s)	:	(a) ECO2101 Introduction to Economics, or (b) ECO2104 Introduction to Microeconomics, and ECO2105 Introduction to Macroeconomics, or (c) BUS2105 Microeconomics for Business
Co-requisite(s)	:	N/A
Exclusion(s)	:	N/A
Exemption Requirement(s)	:	N/A

Brief Course Description

This is the most basic and important course on globalization. The course introduces the basic principles and analytical tools of international trade theory, evidence, and policy. Topics include the pattern of trade, gains from trade, the distributional effects of trade, the formation of trade policy, and the social effects of trade policy. The course also discusses how trade relates to other social issues, such as the environment, labor, intellectual property rights, and foreign direct investment.

Aims

This course aims to equip students with knowledge of international trade theory, evidence, and policy. Students will master the methodologies for analyzing international trade issues. After completing the course, students should be able to demonstrate a solid understanding of trade theories and apply them to analyze real-world phenomena, government policies, and business decisions.

Learning Outcomes (LOs)

Upon successful completion of the course, students should be able to

1. demonstrate a good understanding of the basic concepts and theories of the determination of trade, gains from trade, distributional effects of trade, and trade policies,
2. analyze the real-world issues related to international trade,
3. assess government policies related to international trade.

Required/ Essential Reading

Textbook: Paul Krugman, Maurice Obstfeld, and Marc Melitz, *International Trade: Theory and Policy*, Global Edition, New York: Pearson, 2023.

Other readings and lecture notes (PDF) will be uploaded to Moodle.

Indicative Contents

Ch 1&2: Introduction

What is international economics about?
Who trades with whom?
The changing pattern of world trade

Ch 3: Labor Productivity and Comparative Advantage: The Ricardian Model

A one-factor economy
Trade in the one-factor world
[Ch 6: The Standard Trade Model]

Ch 5: Resources and Trade: The Heckscher-Ohlin Model

A model of a two-factor economy
Effects of international trade between two-factor economies

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

Increasing returns to scale technology
Imperfect competition
Firm responses to trade

Ch 9: The Instruments of Trade Policy

Basic tariff analysis
Costs and benefits of a tariff

Ch 10: The Political Economy of Trade Policy

The case of free trade
Non-tariff barriers and trade

Ch 11: Trade Policy in Developing Country

Import substitution and industrialization
Trade and growth

Teaching Method

The course covers theories, data, and policies. Real-world examples and cases are used in classroom discussions. Students are required to participate in classroom discussions.

Assessment

The following components will determine your final grade:

Mid-term examination:	30%
Final examination:	45%
Assignments:	10%
Attendance and participation:	15%

Measurement of Learning Outcomes

1. Class discussion and presentation are designed to assess students' comprehension of the lectures and assigned readings. (LO1, LO2)
2. Assignment, mid-term test, and final examination assess students' additional and overall understanding and applications of international trade theories and policies. (LO1, LO3)

Important Notes:

- (1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in coursework, tests, and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is "the presentation of another person's work without proper acknowledgment of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student's work". Students are required to follow university regulations governing academic integrity and honesty strictly.
- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students' understanding of plagiarism, a mini-course "Online Tutorial on Plagiarism Awareness" is available on <https://pla.ln.edu.hk/>.
- (5) Students must adhere to the University's guidelines and practices when using Generative Artificial Intelligence (AI) tools. The official documents "Guidelines for Using GAI Tools at Lingnan University" and "Best Practices for Ethical and Responsible Use of GAI Tools in Course Assessments" can be found here: <https://www.ln.edu.hk/tlc/generative-artificial-intelligence/gai-guidelines-best-practices>.

Grading Rubric for Midterm Exam (30%)

	Excellent (>90%)	Good (80-90%)	Fair (66-79%)	Pass (50-65%)	Failur (<50%)
Accuracy (80%)	Almost all answers are correct and complete.	Most answers are correct and complete.	A large majority answers are correct and complete.	A small majority answers are correct and complete.	Most answers are incorrect or incomplete.
Clarity (20%)	The writing is clear and logical.	The writing is mostly clear and logical.	The writing is largely clear and logical.	The writing is basically clear and logical.	The writing is unclear and illogical.

Grading Rubric for Final Exam (45%)

	Excellent (>90%)	Good (80-90%)	Fair (66-79%)	Pass (50-65%)	Failur (<50%)
Accuracy (80%)	Almost all answers are correct and complete.	Most answers are correct and complete.	A large majority answers are correct and complete.	A small majority answers are correct and complete.	Most answers are incorrect or incomplete.
Clarity (20%)	The writing is clear and logical.	The writing is mostly clear and logical.	The writing is largely clear and logical.	The writing is basically clear and logical.	The writing is unclear and illogical.

Grading Rubric for Assignment (10%)

There are two assignments. I will collect the assignments but not grade them. Answers will be provided for checking. For each assignment, if a student finishes most of the questions, he/she will get 5 marks.

Grading Rubric for Lecture Participation (15%)

	Excellent (19-21 marks)	Good (15-18 marks)	Fair (13-14 marks)	Pass (10-12 marks)	Failur (<10 marks)
Attendance (50%)	Attend all classes	Attend almost all classes	Attend most classes	Absent only a few classes	Absent many classes
Q&A (50%)	Very often: Timely and appropriate comments, thoughtful and reflective, responds respectfully to other student's remarks, provokes questions and comments	Many times: Timely and appropriate comments, thoughtful and reflective, responds respectfully to other student's remarks, provokes questions and comments.	Very often: Volunteer comments, most are relevant and reflect some thoughtfulness, may or may not lead to other questions from students	Sometime: Volunteer comments, most are relevant and reflect some thoughtfulness, may or may not lead to other questions from students	Most of the time: Do not make comments, ask questions, and answer questions.