



## 1. General Information

|                |                               |
|----------------|-------------------------------|
| Course Subject | ECON                          |
| Course Number  | 2252                          |
| Course Title   | Theory of International Trade |
| Academic Years | 2023-2024                     |
| Grading Method | Letter                        |

## 2. Instructors

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## 4. Course Description

|                    |   |
|--------------------|---|
| Course Description | This course deals with economic issues which are related to many countries. It provides students with global perspectives on economic and business decisions. Topics include why countries trade, how they trade, who benefits and who loses from trade, and what the best trade policies are. We also discuss recent globalization issues in this class. |
| Prerequisites      | ECON1210: Introductory Microeconomics<br>ECON1220: Introductory Macroeconomics  |

## 5. Course Objectives

1. To teach knowledge in the theory of international trade
2. To understand important global economic issues
3. To develop a critical mind towards both economic theory and real world problem related to international trade

## 6. Faculty Learning Goals

- Goal 1: Acquisition and internalization of knowledge of the programme discipline
- Goal 2: Application and integration of knowledge
- Goal 3: Inculcating professionalism
- Goal 4: Developing global outlook
- Goal 5: Mastering communication skills
- Goal 6: Cultivating leadership

| 7. Course Learning Outcomes   |                                |   |   |   |   |   |
|---|--------------------------------|---|---|---|---|---|
| Course Teaching and Learning Activities   | Aligned Faculty Learning Goals |   |   |   |   |   |
|   | 1                              | 2 | 3 | 4 | 5 | 6 |
| CLO1. Understand and apply standard international trade models  | ✓                              | ✓ |   | ✓ |   |   |
| CLO2. Understand the effects of common commercial policy instruments  | ✓                              | ✓ | ✓ | ✓ |   |   |
| CLO3. Understand the role politics plays in shaping international trade policy  | ✓                              | ✓ | ✓ | ✓ |   |   |
| CLO4. Be conversant with important global economic issues and be familiar with on the proposed solutions to these issues and develop their own critical views on them | ✓                              | ✓ | ✓ | ✓ | ✓ |   |

| 8. Course Teaching and Learning Activities |                      |                         |
|--|----------------------|-------------------------|
| Course Teaching and Learning Activities #  | Expected Study Hours | Study Load (% of study) |
| T&L1. Lectures                             | 33                   | 27.5                    |
| T&L2. Homework                             | 16                   | 13.3                    |
| T&L3. Tutorial                             | 11                   | 9.2                     |
| T&L4. Self Study                           | 60                   | 50                      |
|  | Total: 120           | Total: 100              |

| 9. Assessment Methods                   |                              |          |                                  |
|---|------------------------------|----------|----------------------------------|
| Assessment Methods                      | Description                  | Weight % | Aligned Course Learning Outcomes |
| A1. Mid-Term Test/ Assessment           | Closed book midterm exam     | 25%      | 1,2,3,4                          |
| A2. Individual Take-home Assignment     | Written submissions          | 15%      | 1,2,3,4                          |
| A3. Attendance/ Participation—T utorial | Discussion and participation | 5%       | 1,2,3,4                          |
| A4. Final Exam                          | 2 hours closed book          | 55%      | 1,2,3,4                          |

| Assessment Rubrics            |   |
|-------------------------------|---|
| A1. Mid-Term Test/ Assessment |   |
| A+,A,A-                       | Demonstrate superior understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time. |
| B+,B,B-                       | Demonstrate good understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time.     |

| Assessment Rubrics                      |  |
|---|--|
| C+,C,C-                                 | Demonstrate some preparation of the relevant topics prior to classes. Has difficulty articulating well but on the whole clear            |
| D+,D                                    | Demonstrate little preparation of the relevant topics prior to classes. Has difficulty articulating well and on the whole unclear        |
| F                                       | Absence in classes without prior approval or acceptable justification. Has serious difficulty articulating and unclear most of the time. |
| A2. Individual Take-home Assignment     |  |
| A+,A,A-                                 | Demonstrate superior understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time.              |
| B+,B,B-                                 | Demonstrate good understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time.                  |
| C+,C,C-                                 | Demonstrate some preparation of the relevant topics prior to classes. Has difficulty articulating well but on the whole clear            |
| D+,D                                    | Demonstrate little preparation of the relevant topics prior to classes. Has difficulty articulating well and on the whole unclear        |
| F                                       | Absence in classes without prior approval or acceptable justification. Has serious difficulty articulating and unclear most of the time. |
| A3. Attendance/ Participation—T utorial |  |
| A+,A,A-                                 | Demonstrate superior understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time.              |
| B+,B,B-                                 | Demonstrate good understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time.                  |
| C+,C,C-                                 | Demonstrate some preparation of the relevant topics prior to classes. Has difficulty articulating well but on the whole clear            |
| D+,D                                    | Demonstrate little preparation of the relevant topics prior to classes. Has difficulty articulating well and on the whole unclear        |
| F                                       | Absence in classes without prior approval or acceptable justification. Has serious difficulty articulating and unclear most of the time. |
| A4. Final Exam                          |  |
| A+,A,A-                                 | Demonstrate superior understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time.              |
| B+,B,B-                                 | Demonstrate good understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time.                  |
| C+,C,C-                                 | Demonstrate some preparation of the relevant topics prior to classes. Has difficulty articulating well but on the whole clear            |
| D+,D                                    | Demonstrate little preparation of the relevant topics prior to classes. Has difficulty articulating well and on the whole unclear        |
| F                                       | Absence in classes without prior approval or acceptable justification. Has serious difficulty articulating and unclear most of the time. |

## 10. Course Grade Descriptors

|         |   |
|---------|---|
| A+,A,A- | All or almost all of the questions are clearly and accurately responded. All or almost all of the responses are well organized, clear, fluent, and with sufficient elaboration. |
| B+,B,B- | Most of the questions are clearly and accurately responded. Most of the responses are well organized, clear, fluent, and with sufficient elaboration.                           |
| C+,C,C- | Some of the questions are clearly and accurately responded. Some of the responses are well organized, clear, fluent, and with sufficient elaboration.                           |
| D+,D    | Few of the questions are clearly and accurately responded. Few of the responses are well organized, clear, fluent, and with sufficient elaboration.                             |
| F       | Very few of the questions are clearly and accurately responded. Very few of the responses are well organized, clear, fluent, and with sufficient elaboration.                   |

## 11. Course Content and Tentative Teaching Schedule

| Topic/<br>Session | Date | Time | Content  | Readings | Assignments | Other<br>information |
|-------------------|------|------|--|----------|-------------|----------------------|
| 1                 |      |      | Review of Economic Knowledge & Trade in Global Economy (supplementary materials & Chapter 1) |          |             |                      |
| 2                 |      |      | The Ricardian Model (Chapter 3)  |          |             |                      |
| 3                 |      |      | The Specific-Factors Model (Chapter 4)   |          |             |                      |
| 4                 |      |      | The Heckscher-Ohlin Model (Chapter 5)  |          |             |                      |
| 5                 |      |      | The Heckscher-Ohlin Model (Chapter 5)  |          |             |                      |
| 6                 |      |      | Standard Trade Model (chapter 6)   |          |             |                      |
| 7                 |      |      | Mid Term Exam  |          |             |                      |
| 8                 |      |      | External Economies of Scale and the International location of production (chapter 7)         |          |             |                      |
| 9                 |      |      | Outsourcing and Offshoring   |          |             |                      |

## 11. Course Content and Tentative Teaching Schedule

|    |  |  |  |  |  |  |
|----|--|--|--|--|--|--|
|    |  |  | (chapter 8)  |  |  |  |
| 10 |  |  | Trade Policy Instrument (chapter 9)                |  |  |  |
| 11 |  |  | The Political Economy of Trade Policy (chapter 10) |  |  |  |
| 12 |  |  | Optional topics (Chapters 11 and 12)               |  |  |  |

## 12. Required/Recommended Readings & Online Materials

|          |  |
|----------|--|
| Reading  | <p>Krugman, P. M. Obstfeld, and M.J. Melitz, International Economics: Theory and Policy, 12th edition, Pearson.</p> <p>Varian, Hal, Intermediate Microeconomics, any edition, Norton.</p> <p>Stiglitz, Joseph (2006) Making Globalization Work, Norton.</p> <p>Chang, Ha-Joon (2008) The Myth of Free trade and the Secret History of Capitalism, Bloomsbury Press.</p> <p>We will follow Feenstra and Taylor closely. The book by Krugman, Obstfeld, Melitz provides somewhat different approach to the material and is a useful reference. Varian is a good reference for the microeconomics used. Stiglitz and Chang discuss current issues pertinent to globalization.</p> |
| Textbook | <p>Feenstra, R.C. and A.M. Taylor (2021) International Trade, 5th edition, Macmillan International</p> <p>or</p> <p>Feenstra, R.C. and A.M. Taylor (2021) International Economics, 5th edition, Macmillan International</p>  |

## 13. Means / Processes for Student feedback on Course

|   |   |
|---|---|
| ✓ | Conducting mid-term survey in addition to SETL around the end of the semester |
| ✓ | Online response via Moodle site   |
|   | Others  |

## 14. Course Policy

The University Regulations on academic dishonesty will be strictly enforced! Please check the University Statement on plagiarism on the web: <http://www.hku.hk/plagiarism/>

Academic dishonesty is behaviour in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, *plagiarism* and *unauthorized collaboration on out-of-class projects*.

Where a candidate for a degree or other award uses the work of another person or persons without due acknowledgement:

1. The relevant Board of Examiners may impose a penalty in relation to the seriousness of the offence;
2. The relevant Board of Examiners may report the candidate to the Senate, where there is prima facie evidence of an intention to deceive and where sanctions beyond those in (1) might be invoked.

## 15. Additional Course Information

### Exams

There will be one mid-term exam and one final exam. The mid-term exam is tentatively scheduled for October 25 (Wednesday) during lecture time. The final exam will be arranged by the examination section of the university. All exams will be closed-note and closed-book. You may bring a hand-held calculator along with you while taking an exam. There is no made up exam for the mid-term exam. Absentees in the mid-term exam with approved reasons will have the share of the exam moved to the final exam. Any violations of academic integrity in a test or exam will result in a failing grade or a more severe punishment.

### Problem Sets

There will be around four problem sets and you normally have one week to complete. They may differ in difficulty and length. While you are encouraged to discuss the problems with your fellow classmates, you have to write up your answer scripts on your own. Problem sets that are handed in late will not be accepted. The context and degree of difficulty of the problem sets may differ from what is taught in class. The exams may differ in the format and degree of difficulty of the problem sets.

### Term Paper and Presentation

You are required to form a group to write a term paper on a topic of your choosing that is related to our course. Before handing in your paper, you are required to make a group presentation in class at the end of the course. The paper, exclusive of figures and tables, should be of 8 to 12 A4 pages. Make sure the paper has not been submitted or being submitted to fulfil the requirement of any other courses at University of Hong Kong or at any other institution. Due time of the paper is 5pm, December 6, 2023 (Wed). The assessment scheme will be announced in due course.

All additional course materials can be found in Moodle through HKU portal