



1. General Information

Course Subject	ECON
Course Title	Theory of International Trade
Academic Years	2024-2025
Grading Method	1

2. Instructors

Dr Stephen Chiu
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Consultation: By appointment

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 ECON1220: Introductory Macroeconomics
Free Elective	No

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	36	22.9
T&L2. Homework	20	12.7
T&L3. tutorial	11	7
T&L4. self study	60	38.2
T&L5. term paper	30	19.2
	Total: 157	Total: 100

9. Assessment Methods			
Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Individual Take-home Assignment		10%	1,2,3,4
A2. Mid-Term Test/ Assessment	closed-note closed-book	22%	1,2,3,4
A3. Term Paper	form a group to work on a topic related to the course	20%	1,2,3,4
A4. Project (Group)— Presentation	present on the term paper	8%	1,2,3,4
A5. Final Exam	closed-note closed-book	40%	1,2,3,4

Assessment Rubrics	
A1. Individual Take-home Assignment	same as course grade descriptors
A+,A,A-	

Assessment Rubrics	
B+,B,B-	
C+,C,C-	
D+,D	
F	
A2. Mid-Term Test/ Assessment	same as course grade descriptors
A+,A,A-	
B+,B,B-	
C+,C,C-	
D+,D	
F	
A3. Term Paper	to be announced
A+,A,A-	
B+,B,B-	
C+,C,C-	
D+,D	
F	
A4. Project (Group)— Presentation	to be announced
A+,A,A-	
B+,B,B-	
C+,C,C-	
D+,D	
F	
A5. Final Exam	same as course grade descriptors
A+,A,A-	
B+,B,B-	
C+,C,C-	
D+,D	
F	

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

10. Course Grade Descriptors

	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/ Session	Date	Time	Content	Readings	Assignments	Other information
1			Review of Economic Knowledge & Trade in Global Economy	supplementary materials & Chapter 1		
2			The Ricardian Model	Chapter 2		
3			The Specific-Factors Model	Chapter 3		
4			The Heckscher-Ohlin Model	Chapter 4		
5			Movement of Labor & Capital between Countries	Chapter 5		
6			Increasing Returns to Scale and Monopolistic Competition	Chapter 6		
7			Offshoring of Goods and Services	Chapter 7		
8			Import Tariffs and Quotas under Perfect Competition	Chapter 8		
9			Import Tariffs and Quotas under Imperfect Competition	Chapter 9		
10			Export Subsidies in Agriculture and High-Tech Technology	Chapter 10		

11. Course Content and Tentative Teaching Schedule

			Industries			
11			International Agreements: Trade, Labor, and the Environment	Chapter 12		
12						
13						

12. Required/Recommended Readings & Online Materials

Reading	<p>Krugman, P. M. Obstfeld, and M.J. Melitz, <i>International Economics: Theory and Policy</i>, 12th edition, Pearson.</p> <p>Varian, Hal, <i>Intermediate Microeconomics</i>, any edition, Norton.</p> <p>Stiglitz, Joseph (2006) <i>Making Globalization Work</i>, Norton.</p> <p>Chang, Ha-Joon (2008) <i>The Myth of Free trade and the Secret History of Capitalism</i>, 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) <i>International Trade</i>, 5th edition, Macmillan International</p> <p>or</p> <p>Feenstra, R.C. and A.M. Taylor (2021) <i>International Economics</i>, 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:

14. Course Policy

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