BACHELOR OF ECONOMICS
THAMMASAT UNIVERSITY

Course Syllabus

Semester 2, 2021

EE451 International Trade Theory and Policy (Section: 046402)

Number of credits: 3 credits (3-0-6)

Online Meeting Platform: Zoom Meeting ID: 969 3374 6163 Passcode: EE451

Join Zoom Meeting here

Enrollment key #BE Moodle: 1257 (http://bemoodle.econ.tu.ac.th/)

Class day: Monday and Wednesday

Class time: 8:00 am – 9.30 am

Prerequisites: EE311

Instructor: Wanissa Suanin

Email: wanissa@econ.tu.ac.th

Office hours: Monday and Wednesday, 09:30 am -10:30 am.

Office room: No. 433

Course description:

This course provides a fundamental basis for understanding international trade theory and its applications. The course consists of two main parts: trade theory, and policy. In the first part, we will learn trade theories explaining trade patterns: what products are traded, who trades them, at what quantities and prices they are traded, and what the benefits and costs of trade are. In the second part, we will learn about the policies that governments use to shape trade patterns among countries.

Course Objectives:

After taking this course, you will be able to:

- Understand the basic concepts of international trade and policy.
- Understand and analyze the complexities of worldwide international trade issues.

Method of Instruction:

Class activities include lectures, discussions and presentations. In addition, students are expected to read before the class, work on group presentations, and participate in class discussions.

Reading List and Textbooks:

The textbook is optional but strongly recommended.

Main textbooks:

Krugman, P., Obstfeld, M., and Melitz, M. (2018), *International Economics: Theory and Policy, (11th Global ed),* Pearson Education Ltd: Harlow UK.

The following is entirely optional but would be useful...

Appleyard, D & Field, A., (2017), *International Economics.* (9th ed), McGraw-Hill: Singapore.

Baldwin, R. (2005). Heterogeneous firms and trade: testable and untestable properties of the Melitz model, NBER Working Paper no. 11471.

Baldwin, R. (2008), *The Development and Testing of Hecksher-Ohlin Trade Models: A Review: the Ohlin Lectures No.11*, MIT Press, Cambridge.

Bernhofen, D., & Brown, J. (2004). A direct test of the theory of comparative advantage: the case of Japan. *Journal of Political Economy*, *112*(1), 48-67.

Bernhofen, D., & Brown, J. (2005). An empirical assessment of the comparative advantage gains from trade: evidence from Japan. *American Economic Review*, *95*(1), 208-225.

Bernhofen, D., & Brown, J. (2011). Testing the general validity of the Heckscher-Ohlin theorem: the natural experiment of Japan. *University of Nottingham Working Paper.*

Bernard, A., Jensen, J., Redding, S., & Schott, P. (2007). Firms in international trade. *Journal of Economic perspectives*, *21*(3), 105-130.

Bernard, A., Redding, S., & Schott, P. (2013). Testing for factor price equality with unobserved differences in factor quality or productivity. *American Economic Journal: Microeconomics*, *5*(2), 135-63.

Helpman, E., Melitz, M., & Yeaple, S. (2004). Export versus FDI with heterogeneous firms. *American economic review*, *94*(1), 300-316.

Kohpaiboon, A. (2006), Multinational Enterprises and Industrial Transformation, Edward Elgar, Cheltenham.

Kohpaiboon, A. & Jongwanich, J. (2013), 'International Production Network, Clusters and Industrial Upgrading: Evidence from Automotive and Hard Disk Drive Industries', *Review of Policy Research* 30(2): 211-239

Melitz, M. (2003). "The impact of trade on intra-industry reallocations and aggregate industry productivity," Econometrica, 71, pp 1695-1725.

Assessment:

Assessment task	Value	Due date
Final exam	40%	22nd May 2022
Mid-term exam	30%	4th March 2022
Quiz I	10%	11th February 2022
Quiz II	10%	1st April 2022
Group presentation	10%	Last two lectures
Total	100%	

Quiz (10%): Students take a quiz within 45 minutes (40 minutes for taking a quiz and 5 minutes for uploading answers).

Group presentation (10%): 2-3 students per group. A group selects a topic from the list provided in the class. The presentation should discuss international trade issues relating to the topic in the light of what you have learned in the course. Your presentation should be informative, interesting, well presented, and no longer than 15 minutes. (Presentation 15 mins, discussion and Q&A 7 mins). Meanwhile, the other group selecting a similar topic would be your discussant.

(At least) Three days before your presentation, your group must submit…

- A 2 or 3 page typed summary of your project, with the names of all team members.
- A bibliography, listing all the specific resources that your team used.

Grading Criteria:

Grading will be based on each student's total scores and relative scores within the class. The minimum score to pass the course is 45 (out of 100) whereas grade A will be given to students who obtain a score of at least 85 (out of 100).

Score	Grade
A	85 and over
B+	Based on the distribution of students' scores
B	
C+	
C	
D+	
D	
F	Less than 45

Academic calendar:

Mid-term Exam Period	February 28 - March 5, 2022
No class on Makha Bucha Day	February 16, 2022
No class on Chakri Memorial Day	April 6, 2022
No class on Thai New Year festival	April 11 - 17, 2022
No class on Coronation Day	May 4, 2022
Withdrawal period with "W" on record	March 14 - April 25, 2022
Final exam period	May 9 - 12, 17 - 25, 2022

Tentative Class Schedule:

Lecture	Topics	Readings/materials
(1-2)	**1. INTRODUCTION** 1.1 What is international trade about? 1.2 World Trade: An Overview 1.2.1 Who Trades with Whom? 1.2.2 The Changing Pattern of World Trade 1.3 Thailand's Trade	*Essential:* Krugman et al. (2015:Ch.1,2);
(2-4)	**2. INTERNATIONAL TRADE THEORY** 2.1 Mercantilism 2.2 Adam Smith's Absolute Advantage 2.3 Labor Productivity and Comparative Advantage: The Ricardian Model 2.3.1 A One-Factor Ricardian Model 2.3.2 Misconceptions about Comparative Advantage 2.3.3 Comparative Advantage with Many Goods	*Essential:* Krugman et al. (2015: Ch.3)
(5-6)	2.4 The Ricardo-Viner (specific factors) trade model and Income distribution	*Essential:* Krugman et al. (2015: Ch.4)
(7-8)	2.5 The Heckscher-Ohlin trade model 2.5.1 H-O in 2x2 2.5.2 Empirics of The Heckscher-Ohlin Model	*Essential:* Krugman et al. (2015: Ch.5)
(9-10)	2.6 The standard trade model 2.7 External Economies of Scale and the International Location of Production	*Essential:* Krugman et al. (2015: Ch.6,7)
(10)	Quiz I (11th February 2022)	**Topics 1-2.5*

Lecture	Topics	Readings/materials
(11-16)	2.8 Firms in the Global Economy: Export Decisions, Outsourcing, and Multinational Enterprises 2.8.1 The Theory of Imperfect Competition 2.8.2 Monopolistic Competition and Trade (Intra-Industry Trade) 2.8.3 Firm Responses to Trade 2.8.4 Trade Costs and Export Decisions 2.8.5 Dumping 2.8.6 Multinationals and Outsourcing 2.8.7 The Firm's Decision Regarding Foreign Direct Investment	*Essential:* Krugman et al. (2015: Ch.8)
	Mid-term exam (March 4, 2022) 09:00-11:00 AM	***Topics 1-2.7***
(17-22)	**3. TRADE POLICY** 3.1 The instruments of trade policy 3.1.1 Import tariffs 3.1.2 Export subsidy 3.1.3 Import quotas 3.1.4 Voluntary Export restraints 3.1.5 Local content requirement 3.1.6 Other trade policy instruments	*Essential:* Krugman et al. (2015: Ch. 9)
(22)	Quiz II (1st April 2022)	**Topics 2.8-3.1.3*
(23-25)	3.2 The Political Economy of Trade Policy 3.3 Trade Policy in Developing Countries	*Essential:*

Lecture	Topics	Readings/materials
	3.4 Controversies in Trade Policy	Krugman et al. (2015: Ch. 10, 11, 12)
(26-27)	3.5 Global production sharing	*Essential:* Kohpaiboon & Jongwanich (2013)
(28)	3.6 Economic integration	*Essential:* Appleyard & Field (2017:Ch.17)
(29-30)	Presentation	
	Final exam (May 22, 2022) 09:00 – 12:00 AM	***Topics 2.8-3***

Expected Learning Outcomes:

1) Morality and Ethics

Applicability	Expected Learning Outcomes
●	1.1 Students demonstrate integrity.
○	1.2 Students prioritize social and public benefits over personal ones.
●	1.3 Students are punctual and comply with the code of conduct of the institution and society at large.
○	1.4 Students are responsible and accountable to society, the nation, and the subject of economics.
○	1.5 Students realize the cultural and environmental value of the sustenainable society.

2) Knowledge

Applicability	Expected Learning Outcomes
●	2.1 Students know and understand modern economics principles and theories, and are up to date with new developments.
●	2.2 Students know and understand Thai and global economic structure, and the importance of major international economic events.
●	2.3 Students know and understand instruments of economic analysis.

●	2.4 Students know and understand applied fields in economics, including monetary, public, international, business, natural resource and environmental, industrial, agricultural, cooperative, political, developmental, and entrepreneurial economics as well as agribusiness.
○	2.5 Students are informed about related fields including sociology, business administration, education, law policy, and science.

3) Intellectual Development

Applicability	Expected Learning Outcomes
●	3.1 Students have developed individual critical thinking.
●	3.2 Students are sufficiently trained in research skills.
●	3.3 Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand causes of current economic problems in Thailand. Based on analsyis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems.

4) Interpersonal Skills and Responsibilities

Applicability	Expected Learning Outcomes
●	4.1 Students are responsible for assigned tasks and work in groups effectively.

●	4.2 Students have problem-solving skills.
○	4.3 Students show leadership skills and team spirit.
●	4.4 Students are always improving themselves.
○	4.5 Students have good interpersonal skills, adapting and working under different conditions.

5) Quantitative Analysis, Communication and Information Technology

Applicability	Expected Learning Outcomes
○	5.1 Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.
○	5.2 Students communicate effectively and select appropriate presentation methods.
○	5.3 Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.