

### **Course Outline**

#### **EE451 International Trade Theory and Policy** **Semester 1/2023 (15 August – 4 December 2023)**

**Number of Credit:** 3 credits

**Prerequisite:** EE311

**Course Description:** International trade theories. Outcomes from trade, such as production outcome, commodities prices, resource allocation, and prices of the factors of production. Analysis of the policies and regulations in international trade. Economic integration. Foreign investment.

#### **Course Objectives:**

##### **Class Time and Logistics**

**Class day:** Wednesdays

**Class time:** 09.00 – 12.00 hrs.

**Venue:** Room 304, Faculty of Economics

**Teaching Materials Platform:** Google Classroom

#### **Instructor:**

**Name:** Asst. Prof. Dr. Nitinant Wisawaisuan

**Office Hours:** by appointment

**Email:** nitinant@econ.tu.ac.th

## Expected Learning Outcomes

### 1. Morality and Ethics EE451

| Applicability | Expected Learning Outcomes                                                                            | Evaluation Method   |
|---------------|-------------------------------------------------------------------------------------------------------|---------------------|
| ●             | 1. Students demonstrate integrity.                                                                    | Quiz and Exam       |
| ○             | 2. Students prioritize social and public benefits over personal ones.                                 | Class participation |
| ●             | 3. Students are punctual and comply with the code of conduct of the institution and society at large. | Class attendance    |
| ●             | 4. Students are responsible and accountable to society, the nation, and the subject of economics.     | Content of report   |
| ○             | 5. Students realize the cultural and environmental value of a sustainable society.                    | Class participation |

### 2. Knowledge

| Applicability | Expected Learning Outcomes                                                                                                                                                                                                                                                     | Evaluation Method                                               |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| ●             | 1. Students know and understand modern economics principles and theories, and are up to date with new developments.                                                                                                                                                            | In-class participation                                          |
| ●             | 2. Students know and understand Thai and global economic structure and the importance of major international economic events.                                                                                                                                                  | Lecture summary gained from special lectures and current issues |
| ○             | 3. Students know and understand the instruments of economic analysis.                                                                                                                                                                                                          | Exam                                                            |
| ●             | 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. | Quiz and Exam                                                   |
| ○             | 5. Students are informed about related fields including sociology, business administration, education, law policy, and science.                                                                                                                                                | In-class participation                                          |

### 3. Intellectual Development

| Applicability | Expected Learning Outcomes                                                                                                                                                                                                                                                                                     | Evaluation Method  |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| ●             | 1. Students have developed individual critical thinking.                                                                                                                                                                                                                                                       | Overall Evaluation |
| ●             | 2. Students are sufficiently trained in research skills.                                                                                                                                                                                                                                                       | Term paper         |
| ●             | 3. Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand the causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems. | Term paper         |

### 4. Interpersonal Skills and Responsibilities

| Applicability | Expected Learning Outcomes                                                              | Evaluation Method  |
|---------------|-----------------------------------------------------------------------------------------|--------------------|
| ●             | 1. Students are responsible for assigned tasks and work in groups effectively.          | Term paper         |
| ●             | 2. Students have problem-solving skills.                                                | Term paper         |
| ○             | 3. Students show leadership skills and team spirit.                                     | Term paper         |
| ●             | 4. Students are always improving themselves.                                            | Overall Evaluation |
| ○             | 5. Students have good interpersonal skills, adapt, and work under different conditions. | Term paper         |

### 5. Quantitative Analysis, communication, and information technology

| Applicability | Expected Learning Outcomes                                                                                                                                               | Evaluation Method |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| ○             | 1. Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems. | Term paper        |
| ○             | 2. Students communicate effectively and select appropriate presentation methods.                                                                                         | Presentation      |
| ○             | 3. Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.                              | Term paper        |

Remark: ● Primary expected outcome ○ Secondary expected

## Main Text:

(AF) Appleyard, D.R. and A.J. Field, Jr. (2017) *International Economics*. 9<sup>th</sup> ed. McGraw-Hill: Singapore.

## Suggested Readings:

World Trade Organization. *World Trade Statistics Review 2018*

[https://www.wto.org/english/res\\_e/statis\\_e/wts2018\\_e/wts2018\\_e.pdf](https://www.wto.org/english/res_e/statis_e/wts2018_e/wts2018_e.pdf)

Baldwin, R. (2013). *Lessons from the European Spaghetti Bowl*. ADBI Working Paper 418. Tokyo: Asian Development Bank Institute.

Bhagwati, J.N. (1969) "Optimal Policies and Immiserizing Growth" *American Economic Review*. 59(5): 967-970 <https://www.jstor.org/stable/1810699>

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

Chacholiades, M. (1990) *International Economics*. Mc-Graw Hill: New York.

Corden, W. M. (1966), 'The Structure of a Tariff System and the Effective Protective Rate', *Journal of Political Economy*, 74 (3) :221–37.

Corden, M. (1997), *Trade Policy and Economic Welfare* (2nd edition), Oxford University Press: New York.

Feenstra, R.C. and A.M. Taylor (2012), *International Economics*, Worth Publishers, New York.

Greenaway, D. and Milner, C. (2003), "Effective Protection, Policy Appraisal and Trade Policy Reform" *World Economy*, 26: 441-456. <https://doi.org/10.1111/1467-9701.00531>

Helble, M. and B. Shepherd, eds (2018) *Win-Win: How International Trade can Help Meet the Sustainable Development Goals*. Asian Development Bank Institute (ADBI) Press: Tokyo.

Krugman, P. (1997), 'What Should Trade Negotiators Negotiate About?', *Journal of Economic Literature*, 35(1): 113-120

Laursen, K. (2015) "Revealed Comparative Advantage and the Alternatives as Measures of International Specialization" *Eurasian Business Review*. 5: 99-115 DOI 10.1007/s40821-015-0017-1

## Grading Criteria:

|                                                                            |     |                                            |
|----------------------------------------------------------------------------|-----|--------------------------------------------|
| Participation                                                              | 10% |                                            |
| Presentation                                                               | 5%  |                                            |
| Term Paper                                                                 | 20% |                                            |
| Midterm Exam                                                               | 25% | Wednesday, 4 October 2023, 09:00-11:00hrs  |
| (no lectures will be given during the Mid-term week of 1 – 7 October 2023) |     |                                            |
| Final Exam                                                                 | 40% | Saturday, 16 December 2023, 09:00-12:00hrs |

## **Tentative Class Schedule:**

1. Introduction 16 Aug
  - 1.1. What is international trade about?
  - 1.2. General figures of world tradeRead: AF ch. 1
2. Explanations of Trade: Classical Theory 16 Aug
  - 2.1. Mercantilism
  - 2.2. Adam Smith's Absolute Advantage
  - 2.3. David Ricardo's Comparative Advantage
    - (a) Assumptions
    - (b) Production Possibility Frontiers
    - (c) Gains from Trade
  - 2.4. Measuring trade advantage: The Balassa Index
  - 2.5. Extensions and Tests of the Classical Trade ModelRead: AF ch. 2-4
3. Neoclassical Trade Theory 23 Aug
  - 3.1. Basic Tools
    - (a) The Theory of Consumer Behaviour
    - (b) The Production Theory
    - (c) The Edgeworth Box Diagram and The Production Possibility Frontier
  - 3.2. Gains from Trade in Neoclassical Theory
    - (a) Autarky Equilibrium
    - (b) Production and Consumption Gains from Trade
    - (c) Some Important Assumptions
  - 3.3. Offer Curves and Terms of TradeRead: AF ch. 5-7

30 August 2023

Special Lecture I: Global Economy, Geopolitics and Trade

Dr. Kirida Bhaopichitr

Director, TDRI Economic Intelligence Service (EIS)

4. Factor Endowments and the Heckscher-Ohlin Model 6, 13, 20 Sept
  - 4.1. Assumptions
  - 4.2. Factor Abundance
  - 4.3. Commodity Factor Intensity
  - 4.4. The Heckscher-Olin Theorem
  - 4.5. The Factor Price Equalization Theorem
  - 4.6. Stolper-Samuelson Theorem and distribution of income
  - 4.7. Specific-Factors Model
  - 4.8. Empirical Tests of the Heckscher-Ohlin Theorem
    - (a) The Leontief Paradox
    - (b) Suggested Explanations for The Leontief ParadoxRead: AF ch. 8-9

5. Economic Growth and International Trade 11, 18 Oct
    - 5.1. Classifying the Trade Effects of Economic Growth
    - 5.2. Sources of Growth and the Production-Possibilities Frontier
    - 5.3. Factor Growth, Trade and Welfare
      - (a) The Small-Country Case and the Rybczynski Theorem
      - (b) The Large-Country Case

Read: AF ch. 11
  6. International Factor Movement 25 Oct
    - 6.1. Capital Movement
    - 6.2. Labour Movement

Read: AF ch. 12
  7. Alternative Theories and Intra-Industry Trade 1 Nov
    - 7.1. The Imitation Lag Hypothesis and The Product Cycle Theory
    - 7.2. The Linder Theory
    - 7.3. The Kemp Model and External Economies of Scale
    - 7.4. The Krugman Model and Internal Economies of Scale with Monopolistic Competition

Read: AF ch. 10
- TBC: *live from Geneva*  
Special Lecture II: WTO & Trade Negotiations  
Dr. Nat Tharnpanich  
Minister Counsellor,  
Permanent Mission of Thailand to the WTO and WIPO
8. Trade Policy 8, 15 Nov
    - 8.1. Measurement of Tariffs and Effective rate of protection
    - 8.2. The impact of an import tariff
    - 8.3. Production Subsidy
    - 8.4. Export Taxes and Subsidies
    - 8.5. Nontariff Trade Barriers
    - 8.6. Arguments for Protection

Read: AF ch. 13-16
  9. Students' paper presentation 22 Nov
  10. Economic Integration 29 Nov
    - 10.1. Types of Economic Integration
    - 10.2. The Static Effects
      - (a) Trade Creation and Trade Diversion
      - (b) The Second Best Theory
    - 10.3. The Dynamic Effect
    - 10.4. Cases of Economic Integration

Read: AF ch. 17
  11. Course Conclusion 29 Nov

## ACADEMIC CALENDAR & HOLIDAY SEMESTER 1/2023

| Semester 1/2023 (August 15 – December 4, 2023)                                                                                                                                   |                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b><i>the TU Office of the Registrar (TU REG) will process the registration (semester 1/2023) for all BE students who have completed the pre-registration via BE Portal.</i></b> | July 17 – 20, 2023                                                                               |
| Tuition Fee Payment Period (Via TU Greats App)                                                                                                                                   | July 21 – August 11, 2023                                                                        |
| Create Plan from Quota via TU Greats App (*ID.66)                                                                                                                                | August 1 - 9, 2023                                                                               |
| Registration via TU Greats App (*ID.66)                                                                                                                                          | August 10, 2023                                                                                  |
| Classes Begin                                                                                                                                                                    | August 15, 2023                                                                                  |
| Add-drop period                                                                                                                                                                  | August 15 – 28, 2023<br><i>(from 9.00 AM of August 15 to 10.30 PM of August 28)</i>              |
| Tuition Fee Payment Period (Via TU Greats App)                                                                                                                                   | August 15 – 29, 2023<br><i>(9 AM - 10.30 PM)</i>                                                 |
| Mid-term Examination Period                                                                                                                                                      | October 1 – 7, 2023                                                                              |
| <i>H.M. King Bhumibol Adulyadej The Great Memorial Day*</i>                                                                                                                      | <i>October 13, 2023</i>                                                                          |
| <i>King Chulalongkorn's Day*</i>                                                                                                                                                 | <i>October 23, 2023</i>                                                                          |
| Withdrawal period with "W" on record                                                                                                                                             | September 4 – October 22, 2023<br><i>(from 9.00 AM of September 4 to 10.30 PM of October 22)</i> |
| Special Withdrawal with "w" on record                                                                                                                                            | October 24 – November 20, 2023                                                                   |
| Last day of class for Semester 1/2023                                                                                                                                            | December 4, 2023                                                                                 |
| Final exam period                                                                                                                                                                | December 12 – 23, 2023                                                                           |
| <i>H.M. King Bhumibol Adulyadej The Great's Birthday*</i>                                                                                                                        | <i>December 5, 2023</i>                                                                          |
| <i>Constitution Day*</i>                                                                                                                                                         | <i>December 10, 2023</i>                                                                         |
| <i>Substitution for Constitution Day*</i>                                                                                                                                        | <i>December 11, 2023</i>                                                                         |
| Submitting Forms for Degree Conferral                                                                                                                                            | August 15 – 28, 2023                                                                             |

Remark \* Holiday, No classes during this period  
Updated: July 24, 2023