B.E. International Program

Faculty of Economics, Thammasat University

Course Syllabus

EE 451 INTERNATIONAL TRADE THEORY AND POLICY

Semester 1/2019 (13 August – 16 December 2019)

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

Lecture Time: Wednesdays and Fridays, 08.00 – 09.30 hours

Lecture Venue: Room 302 Faculty of Economics

Instructor: Asst. Prof. Dr. Nitinant Wisaweisuan

Office: Room 434, Faculty of Economics, Ta Prachan

Email: nitinant@econ.tu.ac.th

Course Description:

Prerequisite EE311

Study on international trade and specialisation based on principles of comparative cost, relative factor endowment, market structure, and returns to factor. Also covered are international trade policies and measures, international economic integration, theory and policy of international investment, international trade and economic development, as well as an examination of problems, policies and strategies on international trade of developing countries and Thailand.

Evaluation:

In-class activities & assignments	15%
Term paper	15%
Midterm Exam	30%
Final Exam	40%

Expected Learning Outcomes:

1. Morality and Ethics

Applicability	Expected Learning Outcomes
●	1.1 Students demonstrate integrity.
○	1.2 Students prioritise 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.

Important Dates:

Class begins Wed, 14 August 2019
Midterm exam Fri, 4 October 2019, 09:00 – 11:00 hrs
(no classes during mid-term week, 30 sept – 5 oct)
Class ends Fri, 29 November 2019
Final exam Wed, 11 December 2019, 09:00 – 12:00 hrs

Suggested Readings:

** (AF) Appleyard, D.R. et al (2017) ***International Economics***. 9th ed. McGraw-Hill: Singapore.

(KOM) Krugman, P. R. et al (2015) ***International Trade Theory and Policy***. Global edition. Pearson: Essex.

Course Outline

1. Introduction
   1.1. What is international trade about?
   1.2. Stylised Facts of World Trade
   Read: AF ch. 1

2. Explanations of Trade
   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 Model
   Read: AFC ch. 2-4
   Laursen, Keld (2015) "Revealed Comparative Advantage and the Alternatives as Measures of International Specialisation" ***Eurasian Business Review***. 5: 99-115.

3. Neoclassical Trade Theory
   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 Trade
   Read: AFC ch. 5-7

4. Factor Endowments and the Heckscher-Ohlin Model
   4.1. Assumptions
   4.2. Factor Abundance
   4.3. Commodity Factor Intensity
   4.4. The Heckscher-Ohlin 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 Paradox
   Read: AFC ch. 8-9

5. Alternative Theories and Intra-Industry Trade
   5.1. Intra-Industry Trade
   5.2. The Imitation Lag Hypothesis and The Product Cycle Theory
   5.3. The Linder Theory
   5.4. The Kemp Model and External Economies of Scale
   5.5. The Krugman Model and Internal Economies of Scale with Monopolistic Competition
   Read: AFC ch. 10

6. Economic Growth and International Trade
    6.1. Classifying the Trade Effects of Economic Growth
    6.2. Sources of Growth and the Production-Possibilities Frontier
    6.3. Factor Growth, Trade and Welfare
        (a) The Small-Country Case and the Rybczynski Theorem
        (b) The Large-Country Case

    Read: AFC ch. 11

7. International Factor Movement
    7.1. Capital Movement
    7.2. Labour Movement

    Read: AFC ch. 12

8. Trade Policy
    8.1. Import Tariffs
        (a) Measurement of Tariffs and Effective rate of protection
        (b) The impact of an import tariff
        (c) The large country case
    8.2. Production Subsidy
    8.3. Export Taxes and Subsidies
    8.4. Nontariff Measures

    Read: AFC ch. 13-16

9. Economic Integration
    9.1. Types of Economic Integration
    9.2. The Static Effects
    9.3. The Dynamic Effect
    9.4. Comparative Case Study of Economic Integration

    Read: AFC ch. 17

10. Trade, Investment, Development and Economic Cooperation
    10.1. Multilateralism vs Regionalism and Trade Institutions
    10.2. Liberalisation, Growth and Poverty
    10.3. Trade Strategies and Developing Countries
    10.4. Trade and Environment
    10.5. Current Issues of Trade Theory and Policy

    Read: AFC ch. 16, 18

ACADEMIC CALENDAR SEMESTER 1/2019

Event	Semester 1 (August - December 2019)
Pre-Registration period (BE Portal)	July 8 - 10, 2019
Course Registration (Reg TU)	July 23 - 26, 2019
Payment	July 23 - 29, 2019
Classes Begin	August 13, 2019
Adding and Dropping Courses W/O Record	August 13 - 26, 2019
Payment	August 13 - 27, 2019
Mid-term Examination Period	September 30 - October 5, 2019
*His Majesty the late King Bhumibol Adulyadej Memorial Day**	*October 13, 2019*
*Substitution for His Majesty the late King Bhumibol Adulyadej Memorial Day**	*October 14, 2019*
Course Withdrawal With "W"	October 16 - 21, 2019
*King Chulalongkorn Memorial Day**	*October 23, 2019*
Last Day of Classes	December 1, 2019
Final Examination Period	December 2-4, 6-9,11-16, 2019
*The birthday of His Majesty the late King Bhumibol Adulyadej**	*December 5, 2019*
*Constitution Day**	*December 10, 2019*

Remark:

*** Holiday, No classes during this period**