

The Chinese University of Hong Kong
ECON 3610: International Trade
Term 2, 2018-2019

Instructor

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Lecture: Tuesdays 8:30-10:15 am, ELB LT4
 Thursdays 12:30-13:15 pm, ELB LT4

COURSE DESCRIPTION

A general survey of the theory and empirics of international trade and an examination of its relation to both international and domestic policies. Major topics include: the theory of comparative advantage, international trade and factor prices, income distribution, economic development, instruments of trade policies and their welfare implications, international agreement.

COURSE OBJECTIVES

This course introduces the application of economic principles in an international trade context. The objectives are the following: explain the basic theories of international trade and their recent developments; use these trade theories to explain trade patterns and analyze the effects of trade liberalizations; introduce methods to evaluate government policies on trade-related issues.

LEARNING OUTCOMES

Upon successful completion of the course, students should understand the basic economic intuitions of several fundamental trade models and be able to use them to analyze trade patterns and facts in the real world. Students should also be able to carry out simple welfare evaluation for international trade policies.

COURSE PREREQUISITES

Students should have knowledge of elementary differential calculus, and are advised to take ECON2011 and 2021 before taking this course.

RECOMMENDED TEXTBOOK

Feenstra and Taylor (**F**), International Economics, 3rd ed.
Krugman, Obstfeld, and Melitz (**K**), International Economics: Theory and Policy, 11th ed.

Note: No textbook is required for this class, but these books are recommended if you would like a textbook treatment of the material. The bookstore will have the first two for purchase. Other editions of the books will contain similar material but the syllabus below lists chapter references for the editions listed above for **F** and **K**.

COURSE ASSESSMENT

2 Assignments	20%
Midterm exam	20%
Group term paper	15%
Final exam	45%

Midterm: in-class, Tuesday Feb. 26. No make-up exam will be arranged. If you cannot make it, the midterm weight will be shifted to the final exam.

Final: To be determined. The final exam will be a centralized course examination and the date will be set some time during the semester. The examination period designated by the Registration and Examination Section (RES) is April 25 to May 11.

Assignments' due dates will be announced upon the release of each assignment. If you cannot submit it in class, you can put it into my assignment box, but the same deadline applies. Late submissions before 9am the next day will be discounted by 50%. Late submissions thereafter receive zero credit.

Group term paper: You will write a term paper in a group of 4-6 persons. Details will be made available as the term progresses. The due date will **April 19, 2019**.

Assignments are graded "check plus", "check", and "check minus". When determining course grades, the homework is recorded as a 100% for "check plus", a 80% for "check", a 60% for "check minus", and 0% if not submitted.

Re-grade policy: If you appeal to re-grade your midterm, you should submit your entire answer key and attach a sheet explaining which question(s) and the reason(s). The deadline to submit any re-grade is within one week after the graded exam is distributed.

Academic honesty: The University has a zero-tolerance policy on cheating and plagiarism. Violations can lead to disciplinary actions including the termination of studies at the University. Please refer to the University's online guide on academic honesty for further information: <http://www.cuhk.edu.hk/policy/academichonesty/>

Add/Drop: Students are advised to strictly observe the official deadline for add/drop. The department, not the course teacher, will handle every late add/drop application. Late add/drop application is rarely approved; in those rare approvals, they will be based on extremely special reasons beyond students' control. Objective and substantial proofs are required. Failure to observe the deadline or negligence in checking the official course enrollment systems will not be accepted as reasons for late drop.

Course Outline and Reading List

Week	Dates	Topic	Readings
1	Jan. 8-10	Introduction of international trade	F 1; K 1, 2
2	Jan. 15-17	Productivity and The Ricardian model	F 2; K 3
3	Jan. 22-24	Specific factors model	F 3; K 4
4	Jan. 29-31	The Heckscher-Ohlin model: Endowment and trade	F 4; K 5
5	Feb. 5-7	No class (Chinese New Year)	
6	Feb. 12-14	No class, canceled due to schedule conflict	
7	Feb. 19-21	Movement of labor and capital between countries PS 1 due on Feb 21	F 5; K 4, 5
8	Feb. 26-28	In-class midterm on Feb. 26	
9	Mar. 5-7	Offshoring and multinational firms	F 7; K 7, 8
10	Mar. 12-14	Trade models with increasing return to scale	F 6; K 7, 8
11	Mar. 19-21	Instruments of trade policy (I)	F 8; K 9
12	Mar. 26-28	Instruments of trade policy (II)	F 9; K 9
13	Apr. 2-4	No class (Reading week)	
14	Apr. 9-11	Instruments of trade policy (III) PS 2 due on April 11	F 10; K 9
15	Apr. 16-18	Topics on international trade policy Group term paper due on April 19	F 11; K 10, 11, 12
16	Apr. 23	Advanced topics of international trade (TBA)	