

**THE UNIVERSITY OF HONG KONG  
FACULTY OF BUSINESS AND ECONOMICS**

**School of Economics and Finance  
ECON0301/2252 - Theory of International Trade**

ECON0301 is for 3-year curriculum students; ECON2252 is for 4-year curriculum students.

<b>GENERAL INFORMATION</b>	
<p>Instructor: Dr. Y. Stephen Chiu</p> <p>Email: stephen.chiu@hku.hk Office: 918 K. K. Leung Building Phone: 2859-1056 Consultation times: 2:00pm-3:00pm, Tuesdays &amp; Thursdays Semester: 1 Lecture: Wednesday 9:30 – 12:20 Venue: CYPP3</p> <p>Tutor: to be announced Office: to be announced</p> <p>Pre-requisites: <i>For ECON0301 (3-year intake): ECON1001 Introductory microeconomics and ECON1002 Introductory macroeconomics</i> <i>For ECON2252 (4-year intake): ECON1210 Introductory microeconomics and ECON1220 Introductory macroeconomics</i></p> <p>Co-requisites: N.A. Mutually exclusive: N.A.</p> <p>Course Website: available through HKU Portal e-learning Other important details: N.A.</p>	
<b>COURSE DESCRIPTION</b>	
<p>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.</p>	
<b>COURSE OBJECTIVES</b>	
<ol style="list-style-type: none"> <li>1. to teach knowledge in the theory of international trade</li> <li>2. to understand important global economic issues</li> <li>3. to develop a critical mind towards both economic theory and real world problem related to international trade</li> </ol>	
<b>COURSE LEARNING OUTCOMES</b>	
<b>Course Learning Outcomes</b>	<b>Aligned with Faculty 5 Overall Goals</b>
On completion of the course, students should be able to:	
CLO1. understand and apply standard international trade models	1,2,4
CLO2. understand the effects of common commercial policy instruments	1,2,3,4
CLO3. understand the role politics plays in shaping international trade policy	1,2,3,4

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		1,2,3,4, 5	
<b>COURSE TEACHING AND LEARNING ACTIVITIES</b>			
<b>Course Teaching and Learning Activities</b>		<b>Expected contact hour</b>	<b>Study Load (% of study)</b>
T&L1. Lectures		33 hours	27.5%
T&L2. Homework		16 hours	13.3%
T&L3. Tutorial		11 hours	9.2%
T&L4. Self Study		60 hours	50%
Total		120 hours	100%
<b>Assessment Methods</b>			
<b>Assessment Methods</b>	<b>Brief Description (Optional)</b>	<b>Weight</b>	<b>Aligned Course Learning Outcomes</b>
A1. Final written exam	2 hours closed book	58%	CLO1, 2, 3, 4
A2. Mid term exam	Closed book	25%	CLO1, 2, 3, 4
A3. Homework assignments	Written submissions	12%	CLO1, 2, 3, 4
A4. Participation in tutorials	Discussion and participation	5%	CLO1, 2, 3, 4
Total		100%	
<b>STANDARDS FOR ASSESSMENT</b>			
<b>Course Grade Descriptors</b>			
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 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		

## Assessment Rubrics for Each Assessment

Assessment Rubrics for Homework, Term Test and Final Exam are the same as in course grade descriptors

Performance Level	Assessment Rubrics for tutorial participation
A+, A, A-	Demonstrate superior understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time.
B+, B, B-	Demonstrate good understanding of the subject matter in most classes. Presents ideas clearly and fluently all the time.
C+, C, C-	Demonstrate some preparation of the relevant topics prior to classes. Has difficulty articulating well but on the whole clear
D	Demonstrate little preparation of the relevant topics prior to classes. Has difficulty articulating well and on the whole unclear
F	Absence in classes without prior approval or acceptable justification. Has serious difficulty articulating and unclear most of the time.

Tentative mapping of grades and the overall performance:

A-, A, A+: >80  
B-, B, B+: 68-79.99  
C-, C, C+: 56-67.99  
D, D+: 44-55.99  
F: <44

## COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

Week	Topic
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 Hechscher-Ohlin Model (Chapter 4)
5	Movement of Labor & Capital between Countries(Chapter 5)
6	Increasing Returns to Scale and Monopolistic Competition (Chapter 6)
7	Mid Term Exam
8	Offshoring of Goods and Services (Chapter 7)
9	Import Tariffs and Quotas under Perfect Competition (Chapter 8)
10	Import Tariffs and Quotas under Imperfect Competition (Chapter 9)
11	Export Subsidies in Agriculture and High-Technology Industries (Chapter 10)
12	International Agreements: Trade, Labor, and the Environment (Chapter 12)

**REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS** (e.g. journals, textbooks, website addresses etc.)**Required**

Feenstra, R.C. and A.M. Taylor (2014) International Economics, 3rd edition, Worth-Palgrave-Macmillan.

or

Feenstra, R.C. and A.M. Taylor (2014) International Trade, 3rd edition, Worth-Palgrave-Macmillan.

**References**

Krugman, P. and M. Obstfeld, International Economics: Theory and Policy, the latest edition, Addison-Wesley.

Varian, Hal (2009) Intermediate Microeconomics, Norton.

Stiglitz, Joseph (2006) Making Globalization Work, Norton.

Chang, Ha-Joon (2008) The Myth of Free trade and the Secret History of Capitalism, Bloomsbury Press.

We will follow Feenstra and Taylor closely. The book by Krugman and Obstfeld 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.

**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

**COURSE POLICY** (e.g. plagiarism, academic honesty, attendance, etc.)

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:

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.

**ADDITIONAL COURSE INFORMATION****Exams**

There will be one mid-term exam and one final exam. The mid-term exam is tentatively scheduled for **October 26 (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. Those absent 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 to five 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.

All additional course materials can be found in Moodle through HKU portal