

Foundations of International Trade
Lecture (073 018) and Tutorial (073 019)
Winter Term 2023/24

Course Description

The course provides an introductory study of international trade theory and policy. After covering some technical concepts, we present various core trade models that explain the reason for and direct impact of international trade, such as the Ricardian, Heckscher-Ohlin, Specific-Factors, and economies of scale trade models. The second part introduces and critically examines the effects of various trade policies on trade and welfare levels.

Enrolment

For students from the Faculty of Management and Economics, enrolment is open to Bachelor students only. If you are enrolled in the ECUE, EELP or International Political Economy of East Asia master programs, you may join the course as well but have to contact the lecturer before. All students must comply with the course prerequisites (see below). Students from abroad (Erasmus or other exchange students) may also enrol, as long as they are Bachelor (undergraduate) students. Upon successful completion of this course, five credit points (ECTS) can be earned.

Prerequisites

Before enrolling in this course, you should have taken an introductory course in microeconomics ("Grundlagen der Mikroökonomik").

Lecture

Monday, 12.00-14.00 pm, location tba. Since the exam takes place before the end of the semester (see "Exam and Grading" for details), the lecture will last some 120 minutes per week (with a short break in-between).

Tutorial

In the tutorial, the most important topics of the lecture are repeated, and the material is applied in the form of assignments. Tutorial times:

Thursday, 12:00-14.00 am, online

Friday, 12:00-14:00 am, online

The tutorials start on October 19th and October 20th, respectively. Since all tutorials have the same content, you only need to attend one weekly tutorial. Please note that you must register for a specific tutorial and cannot just go to the one you prefer! We will announce further details on the registration process in the first lecture and via Moodle.

Topics Covered

Part 1: Technical Concepts and the Gains from Trade

- Introduction – The Global Economy
- Supply and Production Possibilities
- Preferences, Demand, and Welfare
- General Equilibrium in Open and Closed Economies
- The Gains from Trade

Part 2: Causes and Consequences of Trade

- The Causes of International Trade
- Differences in Technology: The Ricardian Model
- Differences in Factor Endowments I: The Heckscher-Ohlin Model
- Differences in Factor Endowments II: The Specific-Factors Model
- Increasing Returns to Scale

Part 3: Trade Policy

- Tariffs
- Quotas and Other Nontariff Barriers
- The Political Economy of Trade Policy

Literature

The main textbook for both the lecture and the tutorial will be the book by James Markusen, James Melvin, William Kaempfer, and Keith Maskus, *International Trade – Theory and Evidence*, McGraw-Hill, 1995. Since the textbook is out of print, the entire book will be provided in electronic form in Moodle. In addition to the textbook, we will illustrate content and methods with various case studies.

Exam and Grading

The exam will take place on Monday, 18 December 2023, 12:00 – 14:00 pm. It will be a closed-book in-person exam. While the exam accounts for 100% of your grade, you may improve your grade by taking an online test. We will provide further details on the bonus points and the exam in the lecture and via Moodle at a later stage.

Moodle

We will upload slides, problem sets, and additional material in Moodle. The password for accessing Moodle can be obtained in the first lecture or via the FSI Student Council (Fachschaftsinitiative) password distribution online list ("Passwortverteiler"): <https://www.fsi-wiwi.de/tools/passwortverteiler/>.

Language of Instruction

The lecture, tutorial and exam will all be in English.

Contact Person for Enquiries

Kevin Berlet is the contact person for all enquiries regarding the organisation and contents of the course (e-mail kevin.berlet@rub.de).