Санкт-Петербургский филиал федерального государственного автономного образовательного учреждения высшего образования "Национальный исследовательский университет "Высшая школа экономики"

Факультет Санкт-Петербургская школа экономики и менеджмента

Департамент экономики

Рабочая программа дисциплины
«International Trade»
(преподается на английском языке)

для образовательной программы «Прикладная экономика и математические методы»
направления подготовки 38.04.01 «Экономика»
уровень магистратура

Разработчик программы

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Согласована начальником ОСУП

«_____»_____2019 г.

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Санкт-Петербург, 2019

Course Syllabus

Title of the course	**International Trade**
Title of the Academic Programme	MA in Economics
Type of the course	Elective; Available to foreign students
Prerequisites	Microeconomics, Game Theory, Optimization, Macroeconomics
ECTS workload	5

Total indicative study hours	Directed Study	Self-directed study	Total
	44	146	190

Course Overview	First, we discuss stylized facts, importance of international trade, and forces that drive international trade. Second, we study the classical theory of international trade based on technological differences or comparative advantages, including Ricardo and Heckscher-Ohlin models. The theory explains inter-industry trade. Third, starting from the growing tendency of intra-industry trade, we discuss why inter-industry trade is profitable for firms (increasing returns to scale at the firm level) and enjoyable for consumers (love for variety). We focus on the baseline monopolistic competition model and its applications in international trade in detail. The next step is to discuss modern interpretations of classical trade models and consequences of trade under combining classical and new trade theory. Therefore, we are going to discuss the "new new" trade theory where firms are heterogeneous. The main focus of this part of the course is on firm-level changes under trade liberalization. To conclude, new effects will be discovered in the new trade models by allowing variable markups.
Intended Learning Outcomes (ILO)	The main purpose of the International trade course for students is to study the evolution of trade ideas.
Teaching and Learning Methods	The course consists of lectures (20 hours) and seminars (24 hours).

Content and Structure of the Course					

№	Topic / Course Chapter	Total	Directed Study		Self-directed Study
			Lectures	**Tutorials**	
1	Introduction to International trade	15	2	4	20
2	Classical trade theories: technology, comparative advantages, and factor endowments. Inter-industry trade	35	4	6	25
3	Monopolistic competition model	28	4	4	26
4	New trade theory: intra-industry trade	28	4	4	20
5	Firms in international trade	22	4	3	30
6	Variable markups and trade	20	2	3	25
Total study hours		190	20	24	146

Indicative Assessment Methods and Strategy	Cumulative grade is 60 percent of overall grade. It consists of • Quizzes contribute 50 percent of the cumulative grade (each quiz is 50/n percent where n is the number of quizzes) • Paper presentation contributes 40 percent of the cumulative grade • Participation and class discussions contribute 10 percent of the cumulative grade Final exam contributes 40 percent of the final grade.
Readings / Indicative Learning Resources	<u>Mandatory</u> Fujita, Masahisa, and Jacques-François Thisse. (2002). Economics of Agglomeration: Cities, Industrial Location, and Regional Growth. Cambridge university press. <u>Optional</u> 1. Combes P.P., Mayer T. and J-F. Thisse (2009). Economic Geography: The Integration of Regions and Nations, Princeton University Press. 2. Feenstra, R. (2004). Advanced international trade: theory and evidence. Princeton University Press. 3. Fujita M., Krugman P, Venables A. (1999). The Spatial Economy: Cities, Regions, and International Trade, MIT Press, Cambridge (Mass.)-London (England). 4. Helpman, E. (2011). Understanding global trade. Harvard University Press.

Indicative Self- Study Strategies	Type	+/–	Hours
	Reading for seminars / tutorials (lecture materials, mandatory and optional resources)	+	60
	Assignments for seminars / tutorials / labs	+	18
	E-learning / distance learning (MOOC / LMS)		
	Fieldwork		
	Project work		
	Other (please specify)		
	Preparation for the exam	+	68

Academic Support for the Course	Academic support for the course is provided via LMS, where students can find: guidelines and recommendations for doing the course; guidelines and recommendations for self-study; samples of assessment materials
Facilities, Equipment and Software	(If required)
Course Instructor	Sergey Kichko

Course Content

Lecture 1. Introduction to International trade.
The object of International trade: why countries trade with each other, what the effects of international trade are. The history of trade: empirical evidence. The role of space: spatial inequality and transportation costs. Productivity gains and falling transport costs under Industrial Revolution.

Lecture 2. Classical trade theories: technology, comparative advantages, and factor endowments. Inter-industry trade.
Trade between dissimilar countries and the theory of comparative advantage. Ricardian model and technological differences across countries: absolute and comparative advantage. Specialization of countries. Changes in prices. Stolper-Samuelson theorem. Changes in endowments. Rybczynski theorem. The Heckscher-Ohlin Model: differences in factor endowment. Factor price equalization. The welfare effects: GDP and gains form trade.

Lecture 3. Monopolistic competition model.
Starett Theorem. Differentiated product. The Dixit-Stiglitz model: assumptions, preferences and demand function, market power and price index, technology, market equilibrium, the mass of firms, monopolistic competition as a limiting case of oligopoly.

Lecture 4. New trade theory: intra-industry trade
The role of increasing returns to scale at the firm level and love for variety. The Dixit-Stiglitz-Krugman model: iceberg-type transportation costs, demands at the domestic and foreign markets, price indices and market sizes, trade patterns, gains from trade. Trade and space: market crowding effect and market access effects, firms' location decisions, Home Market Effect, partial specialization of countries.

Lecture 5. Firms in international trade
Stylized facts on firms' heterogeneity. Monopolistic competition model with heterogeneous firms: endogenous distribution of firms within industry, relative performance, firms entry and exit, equilibrium. Implications to trade: fixed export costs, sorting to exporters and non-exporters (how many firms export; do more or less productive firms export?), reallocation of resources within a sector under opening trade and trade liberalization, impact of trade liberalization and decreasing export cost on a trade pattern.

Lecture 6. International trade: impact of demand structure
The role of demand structure in international trade. Variable markups. Pro-competitive effect. Gains from trade: product diversity and gains from pro-competitive effects. Price policy: dumping effect. Patterns of trade and trade liberalization: export pricing and export values. Distortions from trade. Impact of trade on welfare and efficiency. Multi-sector model and intersectoral distortions.

Assessment Methods and Criteria

Assessment Methods

Types of Assessment	Forms of Assessment	Modules			
		1	2	3	4
In-class Participation	Quizzes, presentations		*		
Summative Assessment	Exam		*		

Assessment Criteria

In-class Participation

Grades	Assessment Criteria
«Excellent» (8-10)	A critical analysis which demonstrates original thinking and shows strong evidence of preparatory research and broad background knowledge.
«Good» (6-7)	Shows strong evidence of preparatory research and broad background knowledge. Excellent oral expression.
«Satisfactory» (4-5)	Satisfactory overall, showing a fair knowledge of the topic, a reasonable standard of expression. Some hesitation in answering follow-up questions and/or gives incomplete or partly irrelevant answers.
«Fail» (0-3)	Limited evidence of relevant knowledge and an attempt to address the topic. Unable to offer relevant information or opinion in answer to follow-up questions.

Project Work

Grades	Assessment Criteria
«Excellent» (8-10)	A well-structured, analytical presentation of project work. Shows strong evidence and broad background knowledge. In a group presentation all members contribute equally and each contribution builds on the previous one clearly; Answers to follow-up questions reveal a good range and depth of knowledge beyond that covered in the presentation and show confidence in discussion.
«Good» (6-7)	Clearly organized analysis, showing evidence of a good overall knowledge of the topic. The presenter of the project work highlights key points and responds to follow up questions appropriately. In group presentations there is evidence that the group has met to discuss the topic and is presenting the results of that discussion, in an order previously agreed.
«Satisfactory» (4-5)	Takes a very basic approach to the topic, using broadly appropriate material but lacking focus. The presentation of project work is largely unstructured, and some points are irrelevant to the topic. Knowledge of the topic is limited and there may be evidence of basic misunderstanding. In a group presentation, most of the work is done by one or two students and the individual contributions do not add up.
«Fail» (0-3)	Fails to demonstrate any appropriate knowledge.

Written Assignments (Essay, Test/Quiz, Written Exam, etc.)

Grades	Assessment Criteria
«Excellent» (8-10)	Has a clear argument, which addresses the topic and responds effectively to all aspects of the task. Fully satisfies all the requirements of the task; rare minor errors occur;
«Good» (6-7)	Responds to most aspects of the topic with a clear, explicit argument. Covers the requirements of the task; may produce occasional errors.
«Satisfactory» (4-5)	Generally addresses the task; the format may be inappropriate in places; display little evidence of (depending on the assignment): independent thought and critical judgement include a partial superficial coverage of the key issues, lack critical analysis, may make frequent errors.
«Fail» (0-3)	Fails to demonstrate any appropriate knowledge.

Recommendations for students about organization of self-study

Self-study is organized in order to:
- Systemize theoretical knowledge received at lectures;
- Extending theoretical knowledge;
- Learn how to use legal, regulatory, referential information and professional literature;
- Development of cognitive and soft skills: creativity and self-sufficiency;
- Enhancing critical thinking and personal development skills;
- Development of research skills;
- Obtaining skills of efficient independent professional activities.

Self-study, which is not included into a course syllabus, but aimed at extending knowledge about the subject, is up to the student's own initiative. A teacher recommends relevant resources for self-study, defines relevant methods for self-study and demonstrates students' past experiences. Tasks for self-study and its content can vary depending on individual characteristics of a student. Self-study can be arranged individually or in groups both offline and online depending on the objectives, topics and difficulty degree. Assessment of self-study is made in the framework of teaching load for seminars or tests.

In order to show the outcomes of self-study it is recommended:
- Make a plan for 3-5 presentation which will include topic, how the self-study was organized, main conclusions and suggestions and its rationale and importance.
- Supply the presentation with illustrations. It should be defined by an actual task of the teacher.

Special conditions for organization of learning process for students with special needs

The following types of comprehension of learning information (including e-learning and distance learning) can be offered to students with disabilities (by their written request) in accordance with their individual psychophysical characteristics:

1) for persons with vision disorders: a printed text in enlarged font; an electronic document; audios (transferring of learning materials into the audio); an individual advising with an assistance of a sign language interpreter; individual assignments and advising.

2) for persons with hearing disorders: a printed text; an electronic document; video materials with subtitles; an individual advising with an assistance of a sign language interpreter; individual assignments and advising.

3) for persons with muscle-skeleton disorders: a printed text; an electronic document; audios; individual assignments and advising.