

**Fulbright Economics Teaching Program  
Master in Public Policy 8  
Academic Year 2015 - 2016  
Spring 2016 (15<sup>th</sup> Feb. – 06<sup>th</sup> April, 2016)**

**SYLLABUS  
Trade Policy**

**Teaching Team**

Instructors: James Riedel, Dinh Cong Khai, and Le Vu Quan  
Tutor: Huynh Ngoc Chuong  
Interpreter: Huynh Trung Dung

**Class Sessions** Monday, Wednesday and Friday: 10:15 -11:45;

**Office Hours**

Dinh Cong Khai Monday 15:30 – 17:00 or by appointment  
James Riedel Wednesday 15:30 – 17:00 or by appointment  
Le Vu Quan Mon-Wed in weeks 4-5's afternoon or by appointment  
Huynh Ngoc Chuong Wednesday and Friday 15:30 – 17:00, or by appointment

**Course Objectives and Description**

To provide students with the basic theories of international trade in order to explain trade patterns between developed and developing countries, and among developed countries. This course emphasizes an understanding of the institutional environment for international trade, both at the global, regional, and national level and the role of economic integration and GATT/WTO in removing trade barriers. Particular emphasis is placed on the analysis of trade policies used in developed and developing countries and the movement from trade policy to industrial policy to practice comparative advantages. This course also examines Vietnam's trade performance and policies to promote them.

**References**

- Krugman, Obstfeld, and Melitz, *International Economics*, 9<sup>th</sup> ed., Addison-Wesley. (Abbreviation **KOM**) (available in Vietnamese in FETP library)
- World Bank (2002), *Development, Trade and the WTO: A Handbook*, World Bank, Washington, DC. (**WB-02**)

**Sources of Information**

This includes major organizations such as The World Bank, International Monetary Fund, Organization for Economic Cooperation and Development, European Commission, ASEAN, Asia-Pacific Economic Cooperation Forum (APEC), Asian Development Bank, African Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development, United Nations (including UNIDO, UNCTAD, FAO, UNESCO, WIPO, WHO, etc), and WTO. The U.S. government also publishes numerous studies about trading partners; see especially the *International Economic Review* of the U.S. International Trade Commission and *National Trade Estimate Annual Report on Foreign Trade Barriers* of the US Trade Representative's Office.

Here are some useful websites:

<a href="http://www.worldbank.org">www.worldbank.org</a>	<a href="http://www.asean.org">www.asean.org</a>
<a href="http://www.imf.org">www.imf.org</a>	<a href="http://www.apecsecretariat.org">www.apecsecretariat.org</a>
<a href="http://www.oecd.org">www.oecd.org</a>	<a href="http://www.adb.org">www.adb.org</a>
<a href="http://www.sourceoecd.org">www.sourceoecd.org</a>	<a href="http://www.idb.org">www.idb.org</a>
<a href="http://www.europa.int">www.europa.int</a>	<a href="http://www.ebrd.org">www.ebrd.org</a>
<a href="http://www.unido.org">www.unido.org</a>	<a href="http://www.unctad.org">www.unctad.org</a>
<a href="http://www.fao.org">www.fao.org</a>	<a href="http://www.unesco.org">www.unesco.org</a>
<a href="http://www.wipo.org">www.wipo.org</a>	<a href="http://www.who.org">www.who.org</a>
<a href="http://www.wto.org">www.wto.org</a>	<a href="http://www.usitc.gov">www.usitc.gov</a>
<a href="http://www.ustr.gov">www.ustr.gov</a>	<a href="http://www.bea.gov">www.bea.gov</a>

You will also be able to find websites for individual countries through a websearch. Trade and investment data can be found from the IMF, the World Bank, the UN, and other sources.

Generally, there is less information on foreign direct investment (FDI) than there is on trade. Two sources for FDI data that you should consider are the annual *World Investment Reports* by UNCTAD ([www.unctad.org](http://www.unctad.org)), as well as the FDI data held by the U.S.' Bureau of Economic Analysis ([www.bea.gov](http://www.bea.gov)) in its International section.

## Teaching Methods

Formal lectures, class discussion, reviews, problem sets and a group project.

## Course Requirements

Participants are expected to attend class regularly, participate in class discussions, do all problem sets and an essay, and take the final exam. Participants are expected to read the assigned literature before class.

## Course Assessment

Class participation	20%
Class assignments	20%
Group project	20%
Final exam	40%

## Course Schedule

### Week 1

☐ Monday 15<sup>th</sup> Feb, 2016

James Riedel

### Introduction

### Labor Productivity and Comparative Advantage: The Ricardian Model

- KOM: Chapter 3
- Krugman, "Ricardo's Difficult Idea"

☐ **Wednesday 17<sup>th</sup> Feb, 2016**

**James Riedel**

**Income Distribution Effects of Trade in the Specific Factors Model**

- KOM: Chapter 4

*PS1 distributed*

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☐ **Friday 19<sup>th</sup> Feb, 2016**

**Dinh Cong Khai**

**Review**

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**Week 2**

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☐ **Monday 22<sup>nd</sup> Feb, 2016**

**Dinh Cong Khai**

**Resource Endowment and Factor Proportions in the Heckscher-Ohlin model**

- KOM: Chapter 5

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☐ **Wednesday 24<sup>th</sup> Feb, 2016**

**Dinh Cong Khai**

**Growth and Terms of Trade**

- KOM: Chapter 6
- Athukorala and Riedel, “Export Growth and the Terms of Trade: The Case of the Curious Elasticities”

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**Friday 26<sup>th</sup> Feb, 2016**

**James Riedel**

**Review**

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**Week 3**

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☐ **Monday 29<sup>th</sup> Feb, 2016**

**James Riedel**

**External Economies of Scale and Trade**

- KOM: Chapter 7
- Krueger and Tuncer, “An Empirical Test of the Infant Industry Argument”

*PS1 due, PS2 distributed*

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☐ **Wednesday 02<sup>th</sup> Mar, 2016**

**James Riedel**

**Internal Economies of Scale, Imperfect Competition and Trade in Differentiated Goods**

- KOM: Chapter 8

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☐ **Friday 04<sup>th</sup> Mar, 2016**

**Dinh Cong Khai**

**Review**

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## Week 4

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☐ **Monday 07<sup>th</sup> Mar, 2016**

**Le Vu Quan**

### **Instruments of Trade Policy**

- KOM: Chapter 9
- Feenstra, “How Costly is Protection”

*PS 2 due, PS 3 distributed*

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☐ **Wednesday 9<sup>th</sup> Mar, 2016**

**Le Vu Quan**

### **Instruments of Trade Policy**

- KOM: Chapter 9
- Edith Ostapik and Kei-Mu Yi, “International Trade: Why We Don’t Have More of It?”

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☐ **Friday 11<sup>th</sup> Mar, 2015**

**James Riedel**

### **Political Economy of Trade Policy: Optimal Trade Taxes and Theory of the Second Best**

- KOM: Chapter 10
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## Week 5

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☐ **Monday 14<sup>th</sup> Mar, 2016**

**Le Vu Quan**

### **Trade Policies in Developing Countries**

- KOM: Chapter 11
  - Dani Rodrik, “What’s So Special About China’s Exports?”
  - Anil Kumar, “Does Foreign Investment Help Emerging Economies”
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☐ **Wednesday 16<sup>th</sup> Mar, 2016**

**Le Vu Quan**

### **Controversies in Trade Policies**

- KOM: Chapter 12
  - Daniel C. Esty, “Bridging the Trade-Environment Divide”
  - Drusilla K. Brown, “Labor Standards: Where Do They Belong on the International Trade Agenda?”
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☐ **Friday 18<sup>th</sup> Mar, 2016**

**Dinh Cong Khai**

### **Review**

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## Week 6

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☐ **Monday 21<sup>st</sup> Mar, 2016**

**Dinh Cong Khai**

### **Global Trade Institutions and Regional Approaches to Integration**

- WB-02: Chapters 6, 7, 8 and 9
- Hill C., International Business, 7ed, 2009. *Chapter 8: Regional Economic Integration*
- WB-02: Benefiting from Regional Integration

*PS 3 due*

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☐ **Wednesday 23rd Mar, 2016**

**Dinh Cong Khai**

### **Trade Policy and Regional Economic Integration in Vietnam**

- Athukorala P. (2005), *Trade Policy Reforms and Structure of Protection in Vietnam*.
- Auffret P. (2003), *Trade Reform in Vietnam: Opportunities with Emerging Challenges*, Policy Working Paper 3076, World Bank

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☐ **Friday 25<sup>th</sup> Mar, 2016**

**James Riedle**

**Review**

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### **Week 7**

☐ **Monday 28<sup>th</sup> Mar, 2016**

**TBA**

**Guest lecture**

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☐ **Wednesday 30<sup>th</sup> Mar, 2016**

**Dinh Cong Khai & James Riedle**

**Group presentation**

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☐ **Friday 1st Apr, 2016**

**Dinh Cong Khai & James Riedle**

**Group presentation**

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### **Week 8**

☐ **Wednesday 06<sup>th</sup> Apr, 2016**

**James Riedel & Dinh Cong Khai**

**Final exam**

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