

**Fulbright Economics Teaching Program
Master in Public Policy 7
Academic Year 2014 - 2015
Spring 2015 (26th Jan. – 1st April, 2015)**

**SYLLABUS
Trade Policy**

Teaching Team

Instructors: James Riedel and Dinh Cong Khai
Tutor: Le Thi Luong
Interpreter: Nguyen Quy Tam

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

Office Hours

Dinh Cong Khai Friday 14:00 – 17:00 or by email appointment
James Riedel Tuesday 14:00 – 16:00 or by email appointment
Le Thi Luong TBA or by email 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*, 9th 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:

www.worldbank.org	www.asean.org
www.imf.org	www.apecsecretariat.org
www.oecd.org	www.adb.org
www.sourceoecd.org	www.idb.org
www.europa.int	www.ebrd.org
www.unido.org	www.unctad.org
www.fao.org	www.unesco.org
www.wipo.org	www.who.org
www.wto.org	www.usitc.gov
www.ustr.gov	www.bea.gov

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), as well as the FDI data held by the U.S.' Bureau of Economic Analysis (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 26th Jan, 2015

James Riedel

Introduction

Labor Productivity and Comparative Advantage: The Ricardian Model

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

Wednesday 28th Jan, 2015 **James Riedel**

Income Distribution Effects of Trade in the Specific Factors Model

- KOM: Chapter 4

PS1 distributed

Friday 30th Jan, 2015 **Dinh Cong Khai**

Review

Week 2

Monday 02nd Feb, 2015 **Dinh Cong Khai**

Resource Endowment and Factor Proportions in the Heckscher-Ohlin model

- KOM, Chapter 5

Wednesday 04th Feb, 2015 **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”

Friday 06th Feb, 2015 **James Riedel**

Review

Week 3

Monday 09th Feb, 2015 **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

Wednesday 11th Feb, 2015 **James Riedel**

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

- KOM: Chapter 8

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- Friday 13th Feb, 2015** **Dinh Cong Khai**
Review

Week 4

- Monday 02nd Mar, 2015** **Dinh Cong Khai**

Instruments of Trade Policy

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

PS 2 due, PS 3 distributed

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- Wednesday 4th Mar, 2015** **James Riedel**

Political Economy of Trade Policy: Optimal Trade Taxes

- KO9: Chapter 10

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- Friday 06th Mar, 2015** **Dinh Cong Khai**

Review

Week 5

- Monday 09th Mar, 2015** **James Riedel**

Political Economy of Trade Policy: Theory of the Second Best

- KO9: Chapter 10

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- Wednesday 11th Mar, 2014** **James Riedel**

Trade and Economic Growth in Developing Countries

- KOM Chapter 11
- Lucas, “Trade and the Diffusion of the Industrial Revolution”
- Pham and Riedel, “An Empirical Assessment of Comparative Advantage Dynamics”

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- Friday 13nd Mar, 2015** **Dinh Cong Khai**

Review

Week 6

- Monday 16th Mar, 2015** **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*

Wednesday 18th Mar, 2015

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
- Nguyễn Thị Hà Trang, Nguyễn Ngọc Anh, Nguyễn Đình Chúc, Current Account Deficit: Causes and Solutions In “When the Dragon Feels Awake”.

Friday 20th Mar, 2015

James Riedle

Trade Policy and Industrialization in Vietnam

- Riedle, J. va Pham T. T. T., Vietnam: Trapped on the Trail on the Tigers?

Week 7

Monday 23th Mar, 2015

TBA

Guest lecture

Wednesday 25th Mar, 2015

Dinh Cong Khai & James Riedle

Group presentation

Friday 27th Mar, 2015

Dinh Cong Khai & James Riedle

Group presentation

Week 8

Wednesday 01st Apr, 2015

James Riedel & Dinh Cong Khai

Final exam
