

0. Exam and resit dates:
<http://www.rug.nl/let/voorzieningen/bureaustudentzaken/Roosters/index>

1. Title: International Trade Theory and Policy
Course unit code: LYX080B05
Degree programme: International Relations and International Organization
Study phase: Bachelor's phase
Course unit type: Major
Lecturer(s): Dr. Gregory Fuller

2. Number of ECTS credit points:

5 ECTS

3. Entry requirements

Admittance to third year IRIO

4. Description of content

International trade is an omnipresent force in today's world. You're probably reading this syllabus on a computer built, assembled, and sold across many countries – and at a far cheaper price than would be possible without trade. At the same time, trade has suddenly become one of the most contentious topics in contemporary politics – the rise of anti-globalization and populist movements has thrown the future of the international trading system into question. This course marries an economic and a political economic approach to trade theory and policy – establishing the economic theories at work (which generally sees free trade as beneficial) and contrasting it with politics (where the *distributional* effects of trade become more important).

The course consists of one lecture per week. There will be two assignments – problem sets generally focused on the mathematical and graphical material in the course – as well as an exam. That exam will include a mix of multiple choice, short answer, and long answer questions, dealing with both the politics and economics of trade.

5. Literature

The compulsory literature for the course consists of the following textbook:

1. Pugel, T.A., "International Economics", 15th ed., McGraw-Hill Irwin, Boston, 2012.
ISBN 978-0-07-131628-0 Pbk.
NB: You can re-use your textbook from International Monetary Relations

There will also be several supplementary book chapters and articles assigned. These are linked to in the course guide below.

6. Competences to be developed

This course unit focuses on the development of the following competences, as stated in the degree profile:

1. Knowledge and understanding of the theories and models of international economics
2. Ability to apply knowledge, understanding and skills to the systematic and critical evaluation of a wide variety of concepts, ideas and data and to the identification and analysis of complex problems and issues

7. Learning outcomes of the course unit

In this course unit students will learn to:

1. Use the basic economic models that allow them to understand the function of the international trading system, the impact of trade on domestic systems, and the economic interaction between countries.
2. Critically evaluate alternative arguments on the benefits and costs of trade for a variety of groups.
3. Critically assess the current major issues in trade policy, regional integration, and multilateral trade negotiations

8. Assessment method(s) and assessment procedure

Learning outcomes are assessed as follows:

- Problem Sets (2x 15%)
 - There will be two problem sets assigned during the semester, focusing on developing students' abilities to translate economic ideas from concepts to graphs and (in a few cases) into mathematics. These assignments will take several hours to complete. Each problem set is worth 15% of students' final grades.
 - **The first problem set will cover material from lectures 1-3 and is due on the Friday following lecture 3 (February 24th). The second problem set will cover material from lectures 4-6 and is due on March 17.**
 - Problem sets may be completed in groups of 2 or 3. Students opting to work in groups must only hand in one problem set for the group. All students will receive the same grade unless unforeseen circumstances arrive.
 - **RESIT INFO:** The "resit" deadline for the problem sets is one week following the original deadline. **If you do not hand in your assignment by the resit deadline, your course enrollment will be terminated.** The way RUG works, that means you won't be able to take this course again until next year. In other words: **DON'T FORGET TO TURN IN THE PROBLEM SETS!** I will make specific arrangements with special cases as needed.
- Final Exam (70%)
 - The final exam will take the form of multiple choice and open questions covering the material taught throughout the course. A practice exam will be provided on the Student Portal

9. Learning and teaching strategies or methods

Learning Outcomes 1-3 are realized as follows:

- Weekly lectures and reading will provide the basic information in a passive format. This is supplemented through practice problem sets – and ultimately assessed in a written exam. Questions will cover both the use of economic models as well as broader questions on the political economy of trade.

10. Position of the course unit in the degree programme

International Trade Theory and Policy is a course unit in the third year of the Bachelor's degree program in International Relations and International Organization. It concentrates on the benefits (and costs) of trade and how they are distributed, as well as introducing students to the political economy of trade policy.

11. Weekly programme

The following provides an overview of the weekly material which will be covered during the lectures.

Week 1: Ricardo and Comparative Advantage

- Pugel, Chapter 3

Week 2: Why Trade? Partial and General Equilibrium

- Pugel, Chapter 2

Week 3: All about Factors: Heckscher-Ohlin and Stolper-Samuelson

- Pugel, Chapter 4-5
- Rogowski, Ronald, "Commerce and Coalitions: How Trade Affects Domestic Political Alignments," in Frieden, Lake, and Broz, eds., *International Political Economy*, 5th ed (New York: W. W. Norton), pp 365-375.
(<https://rug.on.worldcat.org/oclc/4646807622?databaseList=638>)
- Hiscox, Michael J., "The Domestic Sources of Foreign Economic Policies," in Ravenhill, ed., *Global Political Economy* (Oxford: Oxford University Press), pp 50-83
(<https://rug.on.worldcat.org/oclc/60383498?databaseList=638>)

Week 4: Trade Policy 1: Tariffs, Quotas, and More!

- Pugel, Chapters 8, 9, and 11

Week 5: Trade Policy 2: Protectionism in Large vs. Small Countries

- Pugel, Chapter 10
- Coughlin, Cletus C., "The Controversy over Free Trade: The Gap between Economists and the General Public," in Frieden, Lake, and Broz, eds., *International Political Economy*, 5th ed (New York: W. W. Norton), pp 341-350.
(<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.199.5047&rep=rep1&type=pdf>)

Week 6: Regionalism vs. Globalism

- Pugel, Chapter 12
- Bhagwati, Jagdish, Pravin Krishna, and Arvind Panagariya, "The World Trade System: Trends and Challenges," Working Paper.
(http://www.columbia.edu/~jb38/papers/pdf/paper1-the_world_trading_system.pdf)

Week 7: Mercantilism Strikes Back?

- Lighthizer, Robert E., "Donald Trump is No Liberal on Trade," *Washington Times* (2011).
(<http://www.washingtontimes.com/news/2011/may/9/donald-trump-is-no-liberal-on-trade/>) NB: Lighthizer is now Trump's Trade Representative.
- Irwin, Douglas A., "The Truth About Trade: What Critics Get Wrong About the Global Economy," *Foreign Policy* 95:4 (2016), pp. 84-95.
(<https://rug.on.worldcat.org/oclc/6460273149?databaseList=638>)

12. Breakdown of workload

5 ECTS = 140 Hours

- Attendance of lectures = $7 \times 2 = 14$ hours
- Preparation of lectures = $7 \times 2.5 = 17$ hours
- Attendance of assignments = $2 \times 3 = 6$ hours
- Attendance of exams = 3 hours
- Preparation of assignments / exams = ± 650 pages / 6.5 pages per hour = 100 Hours

13. Assessment requirements

To pass the course, a student must have scored a minimum of 55 points (out of 100). To take part in the final exam a student must receive a passing grade on both of their problem sets. Re-sits are intended for students who cannot take the final as well as students who have failed the first exam.

14. Availability of lecturer(s)

Name	EMAIL Address	Room	Office time
Greg Fuller	g.w.fuller@rug.nl	1312.0516 (Harmonie)	Available for drop-ins on Tuesday-Thursday after lunch.