UNIVERSITY OF DELHI

DELHI SCHOOL OF ECONOMICS

DEPARTMENT OF ECONOMICS

Minutes of Meeting Subject: B.A. (Hons.) Programme, Fifth Semester

Course: HE52: International Trade (Discipline Specific Elective, DSE)

Credit: 6

Date: Thursday 9th July 2021 (revised as on 12th August 2023)

Venue: Zoom Meeting hosted by Department of Economics, Delhi School of Economics, University of Delhi Meeting ID: 956 1640 7444

Convenor: Dibyendu Maiti

Attended by:

Anu Satyal	College of Vocational Studies
Simran Sethi	Hansraj College
Pummy	Kalindi College
Priyanka Yadav	Daulat Ram college
Ravi Kant	SRCC
Ujjayini Roy	Lakshmibai College
Suman Rani	Shyam Lal College (Day)
Vaibhav Puri	Sri Guru Gobind Singh College Of Commerce
Srividya Subramaniam	SGTB Khalsa College
Astha Ahuja	Aryabhatta
Puja Saxena Nigam	Hindu
Rashmi Sharma	Delhi College of Arts and Commerce
Richika Rana	SPM College
Apoorva Gupta	Ramjas College
Baishakhi Mondal	Indraprastha College for Women
Saumya Verma	Lady Shri Ram College for Women
Krishnakumar S	Sri Venkateswara College
Alka Budhiraja	Miranda House
Saumaly Ghosh	St.Stephens
Renu Sinha	Satyawati College (M)
Neha Grover	Lady Shri Ram College For Women

Course Objective:
The purpose of this course is to inform the basics of international trade theory and to examine the effects of international economic policies on domestic and world welfare. This course develops a systematic exposition of models that try to explain the composition, direction, and

consequences of international trade, and the determinants and effects of trade policy. Although the course is based on abstract theoretical models, students will also be exposed to real-world examples and case studies. Course Learning Outcomes The module aims to introduce students to the main theoretical and empirical concepts in international trade, equip students with a thorough analytical grasp of trade theory, ranging from Ricardian comparative advantage to modern theories of intra-industry trade, and familiarise students with the main issues in trade policy and with the basic features of the international trading regime. At the end of the course, the students should be able to demonstrate their understanding of the economic concepts of trade theory. In some models, the student will be required to deal with simple algebraic problems that will help them to better understand these concepts, use diagrammatic analysis to demonstrate and compare the economic welfare effects of free trade and protection, demonstrate their understanding of the usefulness and problems related to topics in international trade, and demonstrate their critical understanding of trade policies.

(**This document is slightly revised as on the 12th of August 2023 incorporating suggestions from the faculty members teaching the course in the constituent colleges online.**)

Unit 1 Introduction: What is international economics about?(3 L)

An overview of world trade. Stylized facts about international trade
FT : Ch 1: Trade in the Global Economy, pp1-25

Unit 2: Neoclassical trade theories: 17L

2.1 Ricardian trade theory (notion of comparative advantage and gains from trade due to specialisation); KOM: Ch 3 : Labour Productivity and Comparative Advantage: Ricardian Model, pp 52 -78
2.2 Specific factor model; international movement of factors, standard trade model
KOM Ch 4: Specific Factors and Income Distribution, pp 79-114
KOM Ch 6: Standard Trade Model, pp 151-178
2.3 Heckscher-Ohlin theory; Heckscher-Ohlin theorem; factor price equalisation, Rybcznski and Stolper-Samuelson theorems, Heckscher- Ohlin-Vanek Model
Gandolfo Ch 4: The Heckscher -Ohlin Model, **pp 63-77, 80-82, 90-91**(Figure 4.11 can be avoided)
Gandolfo Ch 5: The Four Core Theorems, pp 103 -108

Unit 3: New trade theories (20L)

3.1 Gravity model, external economies of scale, internal economies of scale; the Krugman model
KOM Ch 2: World Trade an Overview, pp 39-41
KOM Ch 7 : External Economies of Scale and the International Location of Production, pp 179-197
3.2 firm heterogeneity; introduction to the theory of multinational firms and FDI, Offshoring of Goods and Services

KOM Ch 8: Firms in the Global Economy, pp 198-242
FT Ch 7: Offshoring of Goods and Services, pp 197-232

Unit 4 : Trade Policy (20L)

4.1 Instruments of trade policy; tariffs, quotas, export subsidies, voluntary export restraints. The economics of trade policy

KOM : Ch 9 : The Instruments of Trade Policy, 243-273

4.2 Political economy of trade policy

KOM Ch 10: The Political Economy of Trade Policy, pp 274-282

FT Ch 10: Export Policies in Resource and High Technology Industries, pp 327-366

4.3 International Agreements: Trade, Labour, and the Environment

FT Ch 11: International Agreements: Trade, Labour and Environment, pp 367-410

Gandolfo Ch 12: The New Protectionism,pp 277-295

Gandolfo Ch 3: Offer curve, pp 43-53

References:

1. Feenstra, R., Taylor, A. (2014). International Trade, 3rd ed. Worth Publishers. (Abbreviation used: FT)

2. Krugman, P., Obstfeld, M., Melitz, M. (2018). International Economics - Theory and Policy, 11th ed. Pearson Education. (Abbreviation used: KOM)

3. Gandolfo, International Trade Theory and Policy (with contribution from Federico Trionfetti), Springer (2014),2nd ed.