Course Description: The aim of this module is to introduce the tools used by economists to analyse patterns of international trade and to study international trade policy. We will consider the main models of international trade as well as empirical tests of these models. Finally we will look at how policy instruments like tariffs, quotas and subsidies affect a country’s welfare.

In this module, we will rely on formal economic modelling to help us understand past and current events in the world economy. Therefore, it is imperative that you are not only familiar with the microeconomics tools and models from Econ1001 and Econ 2001, but that you also feel comfortable using and manipulating them. If you are taking this module, I will assume this to be the case. If you do not feel absolutely comfortable with these tools, I strongly urge you to review the Econ1001 and Econ2001 material early on in the term. You will also be expected to write an independent research paper (details on last page), so please make sure that you review empirical methods learned in your first year applied and statistics modules, as well as in Econ 2007.

If Extenuating Circumstances affect a student’s ability to complete any part of the assessment or coursework they must submit required forms and documents to the Economics Undergraduate Admin Team as specified on the team’s Moodle page so that appropriate mitigation can be considered.

Summative Assessment:

There are four elements included in the final assessment for this module.

- 10% mark for completing in-class quizzes (4-5 questions per lecture, best 75% counted)
- 25% midterm MCQ test (40 minutes – online during reading week, exact date TBC)
- 35% final MCQ test (60 minutes – online during last week of term, exact date TBC)
- 30% independent research paper (1000 words for 1-term affiliates, 1500 words for others, due at the end of term for 1-term affiliate students and at the beginning of Term 2 for others, exact dates TBC)

You will be awarded a mark of 0% or Grade F in any examination, or other summative assessment component (essay, multiple choice questions, projects, etc.) where you: (1) are absent from the summative assessment component or, (2) do not attempt the summative assessment component or, (3) attempt so little of the summative assessment component that it cannot be assessed. Please check the UCL Academic Manual (Section 3.11) for information on the consequences of not submitting or engaging with any of your assessment components.

If you are a re-sitting student or taking deferred assessment the academic regulations for 2017/18 apply to you. In this case if you do not complete or take an assessment component that is worth more than 20% of the total assessment you will be considered incomplete. This means that you can not pass
the module. If this is your first attempt you may be entitled to LSA in the component. Please discuss with the Departmental Tutor (f.witte@ucl.ac.uk) if you are unsure of the consequences for you.

If you have extenuating circumstances that affect your ability to engage with any of the module assessment components please apply for alternative arrangements to the Economics Department as soon as possible. See details in Section 6 of the Academic Manual and send your request to economics.ug@ucl.ac.uk.

If you have a disability or long-term medical condition, you may be entitled to adjustments for assessments. Please see Section 5 of the Academic Manual for information on how to apply for adjustments. If part of your assessment includes an in-class quiz and you feel that you are unable to complete it in the time allocated please contact the Departmental Tutor, Dr Frank Witte (f.witte@ucl.ac.uk) and the UG Admin team (economics.ug@ucl.ac.uk). Do not contact the course lecturer about this.

Formative Assessment/ Coursework:
There are three separate elements to the coursework:

- First, there will be short online practice multiple-choice (MCQ) tests roughly every other week.
- Second, an assignment will be due for each tutorial week (four in total).
- Finally, attendance and participation in each of the FOUR tutorials is required.

Coursework marks do not count towards the final mark in this module. But please note that in case of inadequate performance in coursework or absence from classes the course lecturer may recommend to the Departmental Tutor that he consider barring a student from the final assessments.
Please note that the starred (*) readings below are the most relevant ones for the corresponding week. You will be notified about any other readings relevant to the two MCQ assessments.

Main texts (you DO NOT have to purchase both, just having access to them e.g. in the library is fine):
- Krugman, Obstfeld, and Melitz, *International Economics*, 10th Edition, Pearson (KOM). Note that older editions of this book (by Krugman and Obstfeld) are also acceptable, and may in fact be less expensive, e.g. through as a second hand purchase.

Other texts you may want to refer to (not required for purchase):
- Husted and Melvin (2009) *International Economics*; 8th Edition (Pearson) – this is a more basic text but has lots of tables and graphs of data
- Markusen, James et al., *Trade, Theory and Evidence* an excellent (although a bit dated) textbook, available (in its entirety) online (see links in reading list below).
- Suranovic, S. M, *International Trade: Theory & Policy*  
  [http://internationalecon.com/v1.0/toc.html](http://internationalecon.com/v1.0/toc.html) - this is an excellent online text

The journal articles below are available from the Reading Lists link on the left hand side of the ECON3004 Moodle page.
DETAILS OF READINGS BY WEEK:

Please note that the main (in many cases, classic) readings on each topic are listed below. In addition to this, and relevant particularly to your research paper, are those listed on the Twitter reading list (updated on the right hand side of the Moodle page) under the hashtag #uclinternationaltrade. There are also several readings on migration on Twitter under the hashtag #ucleconomicthinking.

Lecture 1: Institutions and International Trade in a Historical perspective
- *KOM Chapters 1 and 2
- Helpman, Elhanan, Understanding Global Trade, Chapter 1.
- McLaren: International Trade, Chapter 1.

Lecture 1.5: Endowment Economies (on video); Consumer Theory Review; Aggregation issues
- Markusen et al: International Trade, Chapter 3. (A review of properties of indifference curves and utility maximization.)
- Varian: Intermediate Microeconomics, Chapters 2 – 6, 9.
- Varian: Intermediate Microeconomics, Chapter 31.

Lecture 2 & 3: Gains from Trade & The Ricardian Model:
- *KOM Chapter 3
- Markusen et al., Chapter 7
- Helpman, Elhanan, Understanding Global Trade, Chapter 2.

Lecture 4: The Specific Factors Model:
- *KOM Chapter 4.
• McLaren: International Trade, Chapter 5.
• Markusen et al. Chapter 9.
• *Elhanan Helpman: Understanding Global Trade, Chapter 3.

Lecture 5: The Heckscher-Ohlin Model
• *KOM Chapter 5.
• Markusen et al. Chapter 8.
• McLaren: International Trade, Chapter 6.
• Hal Varian: Intermediate Microeconomics, Chapter 20
• Elhanan Helpman: Understanding Global Trade, Chapter 2 & 3.

Lecture 6: The Heckscher-Ohlin Model – application to the trade and wages debate
• Douglas Irwin: Free Trade Under Fire, Chapter 3.

Lecture 6.5: Increasing Returns (I): Motivating Examples and External Economies of Scale (on video)
• K-O-M, Chapter 7.
• McLaren: International Trade, Chapter 3.
• Elhanan Helpman: Understanding Global Trade, Chapter 4.

Lecture 7: Increasing Returns (II): Internal Economies of Scale, Imperfect Competition and Trade Structure; Oligopoly and Reciprocal Dumping
• *K-O-M Chapter 8
• Elhanan Helpman: Understanding Global Trade, Chapter 4
• McLaren: International Trade, Chapter 4
Lecture 8: Trade Policy (I). Import Tariffs and Quotas.
- *K-O-M, Chapter 9

Lecture 8.5: Trade Policy (II). Other Trade Policy Instruments. (on video)
- K-O-M, Chapter 9

Lecture 9: International Trade Agreements and the WTO.
- *K-O-M, Chapter 10
- Douglas Irwin: Free Trade Under Fire, Chapter 5 and 6.

Lecture 10: The Future of Globalization:
- Goldberg, Pinelopi and Nina Pavcnik, NBER Digest on “Distributional Effects of Globalization in Developing Countries”, (available from http://www.nber.org/digest/aug07/w12885.html)
Final Assessment Information:

There are four elements to the final assessment marks in this module:

- In each lecture, starting with lecture 2, I will ask you a handful (5-6) MCQs which are to be completed online during the lecture. The content of these will be based on material introduced within that lecture and/or material covered in earlier lectures. The best 75% of these will count for 10% of your total module mark.
- During Reading Week, you will complete the midterm MCQ test which counts for 25% of the module mark. You do not need to be at UCL to do this, as it will be on Moodle and you will receive detailed instructions closer to the date. Each student will receive a randomized selection of questions to complete within the prescribed time window. This test will cover content from the first half of the module only.
- During the final week of term, you will complete the final MCQ test which counts for 35% of the module mark. The logistics will be very similar to the midterm test described above, but the content will cover the entire term (though weighted slightly more towards the second half of term).
- Finally, you will write a 1500 (1000 for 1-term affiliates) word (not including tables, graphs and references) independent research paper on a topic chosen from a shortlist of issues in international trade and migration. For affiliate students, this paper is due, through Turnitin, on the last day of term. For all others, it is due, through Turnitin, on the first day of Term 2. Details on paper topics and logistics are posted separately on the Econ3004 Moodle page.

Coursework Information:

There are three elements to the coursework mark for this module:

*Online multiple-choice quizzes*: These will be posted roughly every other week, and act as practice both in terms of content and in terms of format (including online setup) for the midterm and final MCQ tests. You must complete them by the posted deadline in order to get credit for the coursework mark.

*Assignments*: These will include short essays as well as numerical/theoretical questions. All problem sets should be submitted using the PS link on Moodle (through Turnitin). Marked problem sets will be returned to you through Turnitin as well. Please note that some questions (mostly numerical ones) in each problem set will NOT BE MARKED. Submitting these questions is therefore your choice. You are strongly advised to complete these unmarked questions whether or not you submit them, as they provide invaluable training for the MCQ tests.

*Tutorial attendance and participation*: Tutorials will be interactive meetings where you will get a chance to ask questions and participate in discussions about economic issues related to this module. It is therefore vital that you attend these and maintain active participation.