**Kuwait University**

**College of Business Administration**

**Economics Department**

**Course Syllabus**

**ECON 1030510– International Trade Theory**

**Spring – 2022/2023**

**Dr. Imad Moosa**

**Lecture Time and Location**

Thursday 17:00-19:50 CG-1006

**Contact Information**

**Location**: Economics Department – 3rd Floor – Office No. 1022

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**Office Hours**: Sunday, Tuesday, Thursday, 1:00 – 2:00 pm or by email appointment

Course Description

This course covers the theory of international trade and some real-life applications. The starting point is an introduction to international trade and related disciplines, including international finance and foreign direct investment (Topic 1). This is followed by a discussion of the role of international trade in the economy, including the IS-LM-BP model and open economy macroeconomics (Topic 2). The theories of absolute and comparative advantage are examined and some exact rules are suggested for identifying comparative and absolute advantage using the basic concept of production possibility frontier. Two models of comparative advantage are examined, the Ricardan and Heckscher–Ohlin models (Topics 3, 4 and 5). Intra-industry trade and the new theory of international trade are covered in Topic 6. Two practical applications are presented to explain flaws in some trade policies and to demonstrate that (i) reducing imports does not boost economic growth (a policy proposal from Donald Trump), and (ii) revaluation of the yuan is unlikely to reduce the US trade deficit with China.

|  |  |
| --- | --- |
| Topic 1 | Introduction |
| Topic 2 | The Role of International Trade in the Economy |
| Topic 3 | Absolute Advantage |
| Topic 4 | The Ricardian Model of Comparative Advantage |
| Topic 5 | The Heckscher–Ohlin Model of Comparative Advantage |
| Topic 6 | Intra-industry Trade |
| Topic 7 | The US-China Trade War |

**Course Learning Objectives:**

Upon successful completion of the course, students will be able to:

CLO1: Explain the role of international trade in the economy

CLO2: Distinguish between and identify absolute advantage and comparative advantage.

CLO3: Apply economic theory to explain real world issues such as the US-China trade war.

CLO4: Acquire and apply analytical tools to economic reasoning

**CLO Mapping to CBA Skill Based Competency Goals**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| CLO | Competency Goals | | | |
| Economic Theory | Quantitative Reasoning | Critical Thinking | Communication |
| 1 | R | R | A |  |
| 2 | I | I |  |  |
| 3 | A |  |  |  |
| 4 | I | A |  |  |

**Type of Emphases:**

* **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
* **(A)pply:** The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
* **(R)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

**Study Material:** A comprehensive set of lecture notes will be provided.

**In-Class Tests:** Two tests (15% each), covering topics 1, 2, 3 and 4, 5, 6, respectively.

**Final Examination**: The final examination will cover all of the topics studied in this course (40%).

**Presentation**: A component of the assessment is a class presentation on a topic of your choice that is related to international trade (30%).

**Participation:** The quality of our classroom discussions in large part depends on you and your preparation for class.

**Class Preparation:** It is very important that students are prepared for each class period by reading the lecture notes in advance.

**Attendance:** Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). A copy of the student guide can be accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku\_content/kuw055940.pdf

**Cheating and Plagiarism:** Students must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3; Section 2). A copy of the student guide is accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku\_content/kuw055940.pdf

**Writing Style:** Students must refer to APA writing style for any of their homework or report writing. Refer to the English Language Center for help.

**Grading:**

The scores in this course will be the weighted average of the following items:

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 30% | Two in-class tests @ 15% each |
| 30% | Presentation |
| 40% | Final examination |
| 100% | TOTAL |

**Grade Distribution:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Grade** | **Range** | **Or** | **Grade** | **Range** |
| A | ≥ 95 |  | A | ≥ 95 |
| A- | ≥ 90 and < 95 |  | A- | ≥ 90 and ≤ 94.9 |
| B+ | ≥ 87 and < 90 |  | B+ | ≥ 87 and ≤ 89.9 |
| B | ≥ 83 and < 87 |  | B | ≥ 83 and ≤ 86.9 |
| B- | ≥ 80 and < 83 |  | B- | ≥ 80 and ≤ 82.9 |
| C+ | ≥ 77 and < 80 |  | C+ | ≥ 77 and ≤ 79.9 |
| C | ≥ 73 and < 77 |  | C | ≥ 73 and ≤ 76.9 |
| C- | ≥ 70 and < 73 |  | C- | ≥ 70 and ≤ 72.9 |
| D+ | ≥ 65 and < 70 |  | D+ | ≥ 65 and ≤ 69.9 |
| D | ≥ 60 and < 65 |  | D | ≥ 60 and ≤ 64.9 |
| F | < 60 |  | F | ≤59.9 |

**Course Outline:**

|  |  |
| --- | --- |
| Topic 1 | Introduction |
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**Master of Economics Competency Goals**

1. **Economic Theory:** Our students should demonstrate expertise in applying core economic theories to solve global and complex economic problems.

**Student Learning Objectives:**

1.1 Acquire a deep understanding of how markets and economies operate

1.2 Apply micro/macro-economic theories to solve complex economic problems.

1.3 Analyze in depth the impact of alternative regulatory activities in individual markets and their effect on the welfare of the population

1.4 Recognize that although economists address economic problems with a common approach, the science is ever changing, and one’s approach must be regularly evaluated and updated.

1. **Quantitative Reasoning Skills:** Our students should acquire sufficient mathematical and statistical skills to be able to analyze economic problems and to make use of those skills in their future careers

**Student Learning Objectives:**

2.1 Understand how to collect and use empirical evidence to evaluate economic argument.

2.2 Conduct appropriate statistical analysis of data using appropriate econometric techniques and explain the statistical problems involved.

2.3 Interpret statistical results and understand the limitations of the analysis.

1. **Critical Thinking Skills:** Our students should demonstrate the ability to be critical thinkers when conducting qualitative and quantitative economic analysis.

**Student Learning Objectives:**

3.1 Creating abstract models of complex socio-economic systems

3.2 Drawing conclusions and policy prescriptions while critically evaluating them

3.3 Distinguish between causal relationships and spurious correlations

1. **Communication Skills:** Our students will demonstrate advanced communication skills in a variety of business settings.

**Student Learning Objectives:**

4.1 Deliver clear, concise, and persuasive presentations.

4.2 Write clear, concise, and persuasive business documents.