



LEAD CITY UNIVERSITY
Faculty of Management and Social Sciences
Department of Economics

COURSE PARTICULARS

Course Code: ECO 318
Course Title: International Economics II
Number of Units: 2
Status: Elective

LECTURER DETAIL

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Area of specialization: Energy Economics

COURSE DESCRIPTION

An introduction to international trade theory; the main tools for trade policy analysis; the patterns of trade distinguishing between inter-industry and intra-industry trade flows; an in-depth analysis of the causes and the effects of those flows based on the concepts of absolute and comparative advantage; relative factors abundance and relative factor intensity; increasing returns to scale and imperfect competition; the gains and losses from trade; their distribution among people and firms and their implications for the debate on trade liberalization vs protectionism.

COURSE OBJECTIVES

1. To Introduce Students to International trade theories
2. To Acquaint Students with the main tools for trade policy analysis
3. To let Students understand the concepts and distinctions between inter-industry and intra-industry trade flows
4. To allow Students Carry out an in-depth analysis of the causes and the effects of trade flows based on the concepts of absolute and comparative advantage
5. To familiarize Students with the concepts of relative factors abundance and relative factor intensity
6. To Educate Students on the concept of increasing returns to scale and imperfect competition as drivers of International Trade.

7. To Educate Students on the gains and losses from trade; their distribution among people and firms and their implications for the debate on trade liberalization vs protectionism.

ASSESSMENTS

Tests and Assignment-30 Marks

Examination – 70 marks

Total – 100 marks

TEACHING PLAN

Week	Topic
Week 1:	An introduction to international trade theory
Week 2&3:	The main tools for trade policy analysis
Week 4&5:	The patterns of trade distinguishing between inter-industry and intra-industry trade flows
Week 6&7:	An in-depth analysis of the causes and the effects of Trade Flows based on the concepts of absolute and comparative advantage
Week 8&9:	Relative factors abundance and relative factor intensity (H-O) page 85
Week 10&11:	Increasing returns to scale and imperfect competition
Week 12: Week 12:	The gains and losses from trade
Week 13 &14:	The distribution of gains and losses from trade among people and firms And their implications for the debate on trade liberalization vs protectionism
Week 15:	Revision and Examination

READING LISTS

P.R. Krugman and M. Obstfeld (2003) International Economics: Theory and Policy 6th Edition.
M. O. Nyong (2005) International Economics, Wusen Publishers, Calabar, Nigeria.
C. E. Richard & J W Ronald (1973) World Trade and Payments, Little, Brown and Company, Boston.

TUTORIAL QUESTIONS

1. Explain the concepts of Comparative Advantage and Absolute Advantage in International Trade.
2. (a) Distinguish between Inter-industry and Intra-industry trade.
(b) Discuss the benefits of Intra-Industry Trade
3. Briefly discuss the sources of intra-industry trade and how it differs from inter- industry trade
4. Discuss the three fundamental characteristics of Heckscher Ohlin model of intra-industry trade
5. (a) How do different countries benefit from trade?
(b) What do you understand by the concept of Protectionism in Free Trade?
6. The theory of Comparative Advantage is the driver of International Trade. Discuss.
7. (a) What do you understand by Policy Analysis in Economics?
(b) Discuss the instruments of Trade Policy Analysis
8. (a) Define the following scale of operations in Economics (i) Increasing Returns to Scale (IRS)
(ii) Decreasing Returns to Scale (DRS) (iii) Constant Returns to Scale (CRS)
(b) International trade often occurs from increasing returns to scale and imperfect competition. Discuss.
9. (a) Briefly explain the three most important insights from the theory of International trade
(b) Discuss the sources of gains from International Trade
10. (a) Explain the concept of Trade and Equity
(b) Discuss the impact of trade on income distribution within a country
11. (a) Why do governments impose import tariffs?
(b) Discuss the Economic arguments for protection
12. (a) Discuss the Infant industry argument for Protection
(b) Explain the Terms-of-Trade Arguments For Protection

