



Course and Examination Fact Sheet: Spring Semester 2024

8,264: International Trade

ECTS credits: 4

Overview examination/s

(binding regulations see below)

decentral - Analog written examination, Analog, Individual work individual grade (80%, 90 mins.)

Examination time: Term time

decentral - Presentation, Analog, Group work group grade (20%)

Examination time: Term time

Attached courses

Timetable -- Language -- Lecturer

[8,264,1.00 International Trade](#) -- English -- [Schetter Ulrich](#)

Course information

Course prerequisites

Basics in micro- and macroeconomics. Working knowledge of micro theory.

The course aims mainly at MEcon, MiQEF and MIA students.

Learning objectives

Learning goals: Building on a solid understanding of basic micro- and macroeconomics, the participants of the course acquire knowledge on why countries trade, how they (might) benefit, and how to study international trade empirically, supporting them in forming and expressing critical views on public and policy debates in this area.

Qualifications: The course prepares students for a high-quality level analysis of international trade. The students will understand and learn to apply key methods on which the literature on international trade is founded. This will prepare them for conducting research – e.g. for their Master's or Ph.D. theses or in central banks – on topics related to international trade.

Course content

Why do countries trade, and who gains from trade liberalizations and globalization? To answer these central questions, this course provides an in-depth treatment of modern theories of international trade. We discuss their empirical validity and illustrate their relevance through anecdotal evidence.

First, we review classical trade theory: trade occurs due to (i) productivity differences (Ricardo model) or (ii) different factor endowments (Heckscher-Ohlin). We investigate the general reason why there are gains from trade and discuss the empirical validity of classic trade models. Second, we analyze "gravity" models of international trade. We first discuss the Ricardian benchmark, the Eaton-Kortum (2002) model, and then turn to the new trade theory. Here, trade happens within industries (intra-industry) due to increasing returns to scale and love-of-variety. We consider the case of homogeneous firms (Krugman model) and heterogeneous firms (Melitz model). We finally discuss how these models give rise to a gravity equation and their empirical merit. We conclude by giving an outlook on other topics in international trade and related fields.

Course structure and indications of the learning and teaching design

Weekly lectures combined with exercises and student presentations.

Course literature



Course reading:

- Reto Foellmi and Stefan Legge, *Lecture Notes in International Trade*, Manuscript, 2022
- Robert C. Feenstra, *Advanced International Trade: Theory and Evidence*, Second Edition, Princeton University Press, 2016

Further reading:

- Jones, Ronald; *Globalization and the Theory of Input Trade*, MIT Press, 2000.
- Markusen, James, James Melvin, William Kaempfer, and Keith Markus; *International Trade: Theory and Evidence*, McGraw Hill, 1995.
- References to journal articles and working papers are given in class.

Additional course information

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Examination information

Examination sub part/s

1. Examination sub part (1/2)

Examination modalities

Examination type	Analog written examination
Responsible for organisation	decentral
Examination form	Written exam
Examination mode	Analog
Time of examination	Term time
Examination execution	Synchronous
Examination location	On Campus
Grading type	Individual work individual grade
Weighting	80%
Duration	90 mins.

Examination languages

Question language: English
Answer language: English

Remark

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Examination-aid rule

Closed Book

The use of aids is prohibited as a matter of principle, with the exception of pocket calculator models of the Texas Instruments TI-30 series and, in case of non-language exams, bilingual dictionaries without any handwritten notes. Any other aids that are admissible must be explicitly listed by faculty members in the paragraph entitled "Supplementary aids" of the course and examination fact sheet; this list is exhaustive.

Procuring any aids, as well as ensuring their working order, is the exclusive responsibility of students.

Supplementary aids

All pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible.



Any other pocket calculator models and any electronic dictionaries are inadmissible. In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, mobile telephones and others, are inadmissible.

Students are themselves responsible for the procurement of examination aids.

2. Examination sub part (2/2)

Examination modalities

Examination type	Presentation
Responsible for organisation	decentral
Examination form	Oral examination
Examination mode	Analog
Time of examination	Term time
Examination execution	Asynchronous
Examination location	On Campus
Grading type	Group work group grade
Weighting	20%
Duration	--

Examination languages

Question language: English
Answer language: English

Remark

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Examination-aid rule

Free aids provision

Basically, students are free to choose aids. Any restrictions are defined by the faculty members in charge of the examination under supplementary aids.

Supplementary aids

Practical examination (Decentral - Presentation in groups - all given the same grades) (20%). Students can choose between a group presentation or a short group report.

Examination time: term time

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

Examination content

I. Written Exam (80%)

Material covered in class, slides, exercises, and chapters 1 to 9 of the script.

II. Short Summary with Presentation (20%)

Term paper in groups (two students each) on a scientific paper. The independent studies part is fulfilled by either

a) Presentation (15 min) plus handout (slides of the presentation).

or

b) Short summary plus own evaluation ("referee report") of the paper: The maximum length is 5 pages (3'000 words, 20'000 symbols). The papers which are to be presented are announced on Canvas.



Examination relevant literature

Reto Foellmi and Stefan Legge, Lecture Notes in International Trade, Manuscript, 2020

Please note

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW21) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 13 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 04 (Thursday, 25 January 2024);
- Examination information (supplementary aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 18 March 2024);
- Examination information (supplementary aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 13 (Monday, 25 March 2024);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: Starting with de-registration period in CW 15 (Monday, 08 April 2024).