

Syllabus

ECES805205 Trade and Industrial Economic Development Analysis

Details

Lecturer: [Krisna Gupta](#) & [Deasy Pane](#)

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Time & place: TBA

Course description

The course of Trade and Industrial Economic Development Analysis aims to understand how trade and industrial activities contribute to overall economic growth and development. This course also discusses the dynamics of trade and industrial development, as well as the challenges and opportunities they present for firms, policymakers, and overall economies. Students are expected to understand theories and be able to analyse various aspects, such as trade and industrial patterns, composition and implementation, and their relation to employment and labor, innovation and technology, investment and capital flow, productivity and efficiency, supply chains, policy impacts, global market integration, as well as sustainability and environment impacts.

The structure of the course is straightforward: the first 7 meetings will cover more theoretical part of the course. That is, the gains from trade, market failure in industrial development, and the development of the new industrial policies. A wee bit of microfinance will be covered too.

The remaining 7 meetings covers the more practical side of the course. A more practical tool for industrial and trade analyses currently used in the industry will be covered, along with various trade and industry policies currently in place. Lastly, we cover empirical evidence and strategies on issues covered in the theoretical part.

For now, Dr. Krisna Gupta will cover the first 7 meetings while Dr. Deasy Pane will take care of the last 7s. This arrangement is loosely defined. We may mix this up a bit along the way.

Courses will be taught in English, and all materials are written in English. During the assignment, though, you are allowed to use materials in Indonesian.

Objectives

Upon finishing this course, you are expected to:

- Understand the principle behind the gains from trade and industrial development.
- Able to explain various tools for the government to achieve trade and industrial policy goals.

- Understand tools for trade and industry analytics.

Priors

We assume you are well-versed already at this point on the core theory of microeconomics and macroeconomics. In particular, we assume you are all familiar with first and second welfare theorem as well as the consequences of market imperfection. You should be comfortable with growth theory especially in the open economy context, particularly balance of payment and interest rate parity concept.

It will be extremely helpful if you're already taken international economics. We will cover a bit comparative advantage and new growth theory at the beginning but will not revisit too many international finance.

English proficiency is assumed and we also assume you are familiar with how to operate internet and various office tools (slides, sheets, docs).

Evaluations

A midterm and a final exam each 35% of the overall final grade. The midterm covers the first 7 meetings while the final exam will cover the last 7. An assignment will be conducted in a group in the form of an analytical paper on trade and industrial policy will cover the remaining 30% of the final grade. More on the assignment later.

Sessions

These sessions below are subject to changes.

Week	Topics	Materials
1	Intro: housekeeping and what to expect, a bit about international econ and then about the course.	KMM
2	Revisiting comparative advantage.	KMM
3	The New trade theory.	KMM
4	Trade Policy in theory	KMM
5	Market failures: economic and political consequences.	KMM
6	The new industrial policy.	CH, RLR
7	Designing Industrial Policy: plans & evaluations	CH, AR, CA
8	Mid-term Exam	Week 1-7
9	Tools for trade analysis	PCH
10	Trade policy in action: tariff & non-tariff measures	KOM, KSY, GPP
11	Firms in international trade	PP1, PP2
12	Commodities exports & Dutch diseases	PD, CGP
13	Free Trade Agreement in action	MB, EL
14	Global Value Chain in action	AC
15	Case studies on industrial policy	L
16	Final Exam	Week 9-15

Reading list:

- [AR] Aiginger, K., & Rodrik, D. (2020). Rebirth of Industrial Policy and an Agenda for the Twenty-First Century. *Journal of Industry, Competition and Trade*, 20(2), 189-207. <https://doi.org/10.1007/s10842-019-00322-3>
- [AC] Antràs, P., & Chor, D. (2022). Global value chains. *Handbook of international economics*, 5, 297-376.
- [CA] Chang, H.-J., & Andreoni, A. (2020). Industrial Policy in the 21st Century. *Development and Change*, 51(2), 324-351. <https://doi.org/https://doi.org/10.1111/dech.12570>
- [CH] Cherif, R., & Hasanov, F. (2019). The Return of the Policy That Shall Not Be Named: principles of Industrial Policy. IMF Working Paper, 19(74).
- [CGP] Costa, F., Garred, J., & Pessoa, J. P. (2016). Winners and losers from a commodities-for-manufactures trade boom. *Journal of International Economics*, 102, 50-69.
- [EL] Erten, B., & Leight, J. (2021). Exporting out of agriculture: The impact of WTO accession on structural transformation in China. *Review of Economics and Statistics*, 103(2), 364-380.
- [GPP] Gupta, K., Pane, D., & Pasaribu, D. (2022). The Advent of A New Trade Governance After The Omnibus Law: Neraca Komoditas (CIPS Policy Paper, Issue. <https://www.cips-indonesia.org/neraca-komoditas-policy-paper>
- [KSY] Kinzius, L., Sandkamp, A., & Yalcin, E. (2019). Trade protection and the role of non-tariff barriers. *Review of World Economics*, 155, 603-643.
- [JLR] Juhasz, Reka, Nathan Lane, and Dani Rodrik. 2023. "The New Economics of Industrial Policy." Unpublished. https://drodrik.scholar.harvard.edu/sites/scholar.harvard.edu/files/dani-rodrik/files/the_new_economics_of_ip_080123.pdf.
- [KMM] Krugman, Paul R., Maurice Obstfeld, and Marc J. Melitz. 2023. *International Economics: Theory & Policy*. Essex: Pearson.
- [L] Lane, Nathan. 2022. "Manufacturing revolutions: industrial policy and industrialization in South Korea." Unpublished. <https://osf.io/preprints/socarxiv/6tqax/>.
- [MB] McCaig, B. (2011). Exporting out of poverty: Provincial poverty in Vietnam and US market access. *Journal of International Economics*, 85(1), 102-113.
- [PP1] Pane, D. D., & Patunru, A. A. (2022). The role of imported inputs in firms' productivity and exports: evidence from Indonesia. *Review of World Economics*. <https://doi.org/10.1007/s10290-022-00476-z>
- [PP2] Pane, D. D., & Patunru, A. A. (2021). Does Export Experience Improve Firms' Productivity? Evidence from Indonesia. *The Journal of Development Studies*, 57(12), 2156-2176. <https://doi.org/10.1080/00220388.2021.1965126>

- [PD] Pasaribu, Donny. (2020). Testing the Dutch disease: the impact of natural resources extraction on the manufacturing sector. 10.13140/RG.2.2.34089.01128.
- [PCH] Plummer, M. G., Cheong, D., & Hamanaka, S. (2010). Methodology for impact assessment of free trade agreements. In. Manila, Philippines: Asian Development Bank.