Economics 4431W: International Trade

Simran Sahi

International Trade promotes the transfer of goods, services, people, capital, ideas, and technology across national boundaries. This transfer impacts economic indicators of all involved countries and institutions, and can have consequences for non-involved nations too. In this course, attention is paid to all aspects of trade: causes and effects, composition of trade, gains from trade, trade restrictions and regulations, and trade policy.

Prerequisites for the course include Econ 3101 and 3102, which you should have completed prior to taking this course.

TEXTBOOK:


OTHER READINGS: (on reserve at the Wilson Library):

- Ethier: *Modern International Economics*
- J. Bhagwati (ed): *International Trade; and Lectures on International Trade*
- Appleyard and Field: *International Economics*

ADDITIONAL READINGS:

- Wonnacott, R.J.: "Free Trade Agreements: For better or Worse?", *American Economic Review*, May 1996
- Various current newspapers and news magazines
COURSE TOPICS & CHAPTERS:

- Introduction, World Trade, Role of the U.S. in world trade -1
- Mercantilism and Classical Theory of Trade: Adam Smith's theory of Absolute Advantage - 2
- Ricardian Theory of Comparative Advantage - 2
- Tests and Extensions of the Classical Theory of Trade - 2
- Review of Micro/Macro and Application to International Trade - 3
- World Demand and Supply, Offer Curves, Terms of Trade - 4
- Heckscher-Ohlin Theory of Trade - 5
- Propositions of the H-O Theory, Leontief Paradox and explanations- 5
- New Trade Theories: Economies of Scale, Product Differentiation, Other Trade Models - 6
- Economic Growth and International Trade - 7
- MID-TERM EXAM -(includes all material covered till now) tentatively set for October 22, 2002- in class
- Trade Policies and Restrictions - Tariffs and Non-Tariff Barriers- 8,9
- Protection, Measurement of Protection - 8,9
- U.S. Commercial and Trade Policy, Trade Liberalization - 9
- Economic Integration and Regionalism - 10
- International Capital and Labor Mobility, Multinational Enterprises - 12

FINAL EXAM -10.30 a.m. 12.30 p.m. on Tuesday, December 17 in CSOM 1-127.
NOTE: Each morning, for ten minutes or so, I will present a brief review of a current (international) topic of interest. I encourage you all to participate in these discussions.

HOMEWORK ASSIGNMENTS AND CLASS PARTICIPATION:
There are four homework assignments; each is due one week after it is handed out. Written answers to homework assignments must be typed; this is in accordance with departmental policy. Graphs and numerical computations need not be typed, but should be legible and very neatly done. You may discuss homework with classmates but you must write up your answers in your own words. Identical answers are not acceptable. Class participation is encouraged and there will be specific tasks where all of you will contribute your ideas.

WRITING INTENSIVE COURSE:
This class is designated as Writing Intensive (W). Writing Intensive courses, as understood by the Council on Liberal Education, are defined as courses at either the upper or lower division level in which the course grade is directly tied to the quality of the student's writing as well as to knowledge of the subject matter, so that students cannot pass the course who do not meet minimal standards of writing competence. In this course, a significant amount of writing is required - minimally ten to twenty finished pages. The writing assignment includes revisions of drafts/proposals on which you receive feedback. Additionally, you will have to briefly present your paper to the class. Details soon.
Faisal Ahmed (ahmedf@econ.umn.edu) is the WI assistant for the course.

EXAMS:
MIDTERM EXAM: October 22, 2002
(tentative) - in class
FINAL EXAM: 10.30 a.m. 12.30 p.m.
on Tuesday, December 17, 2002 , in CSOM 1-127.

There will be a short review in class before the midterm and final exams. I will entertain questions about class material and provide you with the exam format, along with sample questions.

GRADING POLICY:
The final grade is determined as follows:
Homework: 25%
Midterm: 25%
Final: 25%
Writing Assignment: 25%

Grading will be on a straight scale .
(A=90-100; B=80-89; C=70-79; D=60-69; and F<59 You MUST receive at least a C- (70/100) on your Writing Intensive assignment in order to pass the course.

RULES:
Make-ups are not allowed for the mid term exam under any circumstancesexcept in medical emergencies, where a doctor's note is required. Make up's are possible for the final exam only if the student has another exam scheduled at the same time, or has three exams within a 16 hour period. This should be pre-arranged with me. We can discuss an alternative exam time.
Incomplete grade: A low class standing is not a valid reason for an I grade. An I grade is given only in exceptional circumstances like hospitalization or family emergencies; and an arrangement must be worked out between the student and me before the final exam. I require written proof of emergencies. Generally, an I grade can be given before the mid term exam. You have one year to make up an I; and must repeat the course in its entirety.

IN CLASS COMMENTARIES:
On Thursdays, I will let you have the last five minutes of class to write a commentary on the week's classes. You can let me know what you learned, what else you would like to learn, what you would like explained more, or any other comment bearing on the class, on the material being taught, and on the method of teaching. This way, I will have an idea of your reactions to the material and my teaching, and I can then adjust it according to your needs. You do not have to write your name on these comments.
TENTATIVE SCHEDULE

SEPTEMBER:
17: HW I distributed
24: HW I due; HW II distributed

OCTOBER:
1: HW I returned; HW II due, HW III distributed
8: HW II returned; HW III due
15: HW III returned
22: MIDTERM EXAM - in class (will include all material covered, closed book)
29: Mid-term exam returned

NOVEMBER:
12: HW IV distributed
19: HW IV due
26: HW IV returned

DECEMBER:
3: WRITING ASSIGNMENT DUE IN CLASS; PRESENTATIONS
5: PRESENTATIONS CONTINUED
12: Last day of class; Short Review
DEC. 17, 2002: 10:30 a.m.- 12:30 p.m.
FINAL EXAM - CSOM 1-127

I DO NOT ACCEPT LATE ASSIGNMENTS. IF YOU CANNOT MAKE IT TO CLASS,
PLEASE MAKE SURE THE ASSIGNMENT REACHES ME ON TIME. (ON TIME
MEANS LECTURE TIME ON THE DUE DATE.)