
Econ 4550/6550: International Trade: Theory and Policy

Fall 2009

MWF 11:15 AM-12:05 PM

Caldwell 102

INSTRUCTOR

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COURSE DESCRIPTION

The determinants of world trade patterns, with discussions of immigration, capital mobility, inter-industry trade, transfer payments, and recent developments in international trade policy.

PRE-REQUISITES

Undergraduate Pre-requisite: Econ 4010

COURSE OBJECTIVES

Course Web Page: <http://www.terry.uga.edu/~schatt/4550/default.htm>

Why do countries trade with each other? What determines the pattern of trade in the world economy? What should optimal trade policy be? These are some of the many questions concerning the nature and effects of international trade that this course attempts to analyze. Using the tools of microeconomic analysis, this course explores the basis and pattern of trade among countries, as well as its welfare and distributional implications. Further topics include the barriers to free trade, the reasons for limiting trade, market imperfections, economic integration, and current trade policy issues. Systematic study of the material in this course helps students develop the skills necessary to gain insight into the workings of an open economy as well as the state of our international economic

order, both past and present. The basic approach will be theoretical, yet numerous applications and examples will be presented.

COURSE TOPICS OUTLINE

Part I: International Trade Theory

- Chp. 2 An Overview of World Trade
- Chp. 3 Comparative Advantage-The Ricardian Model
- Chp. 4 Resources, Comparative Advantage, and Income Distribution
- Chp. 5 The Standard Trade Model
- Chp. 6 Economies of Scale and Imperfect Competition
- Chp. 7 International Factor Movements

Part II: International Trade Policy

- Chp. 8 The Instruments of Trade Policy
- Chp. 9 The Political Economy of Trade Policy
- Chp. 10 Trade Policy in Developing Countries
- Chp. 11 Controversies in Trade Policy

CHANGES TO THE SYLLABUS

The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

REQUIRED COURSE MATERIAL

Paul Krugman and Maurice Obstfeld, *International Economics: Theory and Policy*, 8th Edition, Pearson-Addison-Wesley 2008.

Note: This course will cover parts 1 and 2 of the textbook, i.e. Chapters 2-11.

ASSIGNMENTS AND EXAMS

1. **Homework assignments** will be given out approximately on a weekly or bi-weekly basis. Late homeworks will NOT be accepted under any circumstances.

Note: All homework assignments, solutions, and announcements will be posted on the course web site. Hard copies will not be handed out in class. So please bookmark this page for future use.

Late assignments will NOT be accepted under any circumstances.

2. **Mid-term Exams:** There will be **two** mid-term exams. The exams will be a mixture of short answer and analytical questions, as well as numerical problems.

Mid-term Exam Schedule

First Mid-term Exam: Monday, September 21

Second Mid-term Exam: Monday, October 26

3. **Final Examination**, scheduled for Thursday, December 10, 12-3 PM

COURSE REQUIREMENTS AND GRADING POLICY

Your final grade in this course will be determined by your performance in the homework assignments (carrying a weight of 20 %), **two** mid-term exams (with weights of 25 % on each exam), and a final exam (with a weight of 30 %), along with the adjustment for class attendance (explained below). Econ 6550 students will be required to do an additional term paper, the details of which will be discussed in class.

Final grades will be assigned on a “+/-” basis. Letter grades for this course will be based on the following cutoffs:

- A = 96–100
- A- = 90-95
- B+ = 87–89
- B = 84-86
- B- = 80-83
- C+ = 77-79
- C = 74-76
- C- = 70-73
- D = 60-69
- F = 0-59

The instructor reserves the right to change the letter grade cutoffs.

ATTENDANCE POLICY

Attendance is required in class and will be recorded starting immediately after the drop-add period. You will be penalized one grade point (on a scale of 0-100) for each unqualified absence (e.g. not accompanied by a doctor's letter/medical certificate), excluding the first two (i.e. the first two absences will not be penalized). The accumulated penalty points will be deducted from your total score in the course at the end of the semester.

EXAM MAKE-UP POLICY

Make-up exams will **NOT** be given under any circumstances. So please plan ahead and mark your calendars for those days and times.

UNIVERSITY HONOR CODE & ACADEMIC HONESTY POLICY

As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty," and the Student Honor Code. All academic work must meet the standards described in "A Culture of Honesty" found at: www.uga.edu/honesty. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.