

Fall 2017

ECON 450
International Trade

TTH, 10:00 – 11:50
KAP 156

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Office: KAP 116D
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Office Hrs: Tuesdays 12:00-1:30

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Course Description

This course serves as your introduction to International Trade. It begins with a discussion on reasons of international trade and gains from international trade. Several models of trade theory are introduced and gains/losses are discussed in terms of these models. Additionally different trade policies are presented and the effects of these policies are analyzed. A brief history of international trade is provided as major trade agreements and international trade organizations are also introduced. There will be a discussion of International Monetary system.

Learning Objectives

- Explain different models of international trade; derive relative supply curve, equilibrium price level and production graphically and mathematically, before and after international trade.
- Explain the effect of international trade on the country and the world aggregate economic welfare.
- Explain who gains and who loses from international trade under different model of international trade.
- Explain different government policies toward international trade and discuss who benefits and who loses from these policies.
- Discuss politics of international trade.
- Discuss the role of WTO and controversies about international trade.

Prerequisite:

Econ 303

Required Materials

International Trade: Theory and Policy 10th edition by Krugman, Obstfeld & Melitz

Alternatively

International Trade: Theory and Policy 11th edition by Krugman, Obstfeld & Melitz

Lecture Notes:

In order to reduce your note-taking, lecture notes will be available on the class web-site. Note: these lecture notes are a very poor substitute for actually attending class – the notes that are posted on the website don't contain any solutions.

Homework

All problem sets will be posted on the Blackboard. I will announce them in class when they are posted on the Blackboard, however, you are ultimately responsible for periodically checking the system to see whether you have work that is due. Each individual must submit their own entry, however, I encourage you to collaborate and work in groups. Detailed solutions will be posted on the web-site after the homeworks are collected. No late homeworks are accepted, **EVER!**

Exams

It is your responsibility to show up on time for the exams. You may not make-up any exams after the scheduled exam dates unless for a valid reason such as illness (written proof required; a job interview is not a valid reason). There will be two mid-term exams and one **cumulative** final exam.

Grading

Midterm 1: 30%, Midterm 2:30%, Final: 30%, Homework:10%. To calculate final grades I will take a weighted average of exams and homework grades and assign letter grades.

F < 59 ≤ D- < 62 ≤ D < 66 ≤ D+ < 69 ≤ C- < 72 ≤ C < 76 ≤ C+ < 79 ≤ B- < 82 ≤ B < 87 ≤ B+ < 90 ≤ A- < 93 ≤ A.

Topics – (All dates are tentative)

Week	Topic	Chapter
Aug 21	Introduction and Motivation	Chapter 1 & 2
Aug 28	The Ricardian Model	Chapter 3
Sep 4	The Specific Factor Model	Chapter 4
Sep 11	The Hecksher-Ohlin Model	Chapter 5
Sep 18	The Standard Trade Model, Review	Chapter 6
Sep 25	First Midterm Exam Sep 26 th - International Borrowing and Lending	Chapter 6
Oct 02	External Economies of Scale	Chapter 7
Oct 09	Internal Economies of Scale	Chapter 8
Oct 16	The Instruments of Trade Policy	Chapter 9
Oct 23	The Political Economy of Trade Policy - Review	Chapter 10
Oct 30	Second midterm exam on Oct 31 st -The Political Economy of Trade Policy	Chapter 10
Nov 06	Trade Policy of Developing Countries	Chapter 11
Nov 13	Controversies of International Trade	Chapter 12
Nov 20	International Monetary system	
Nov 27	Macroeconomics of Trade - Review	
Dec 12	Final Exam- 8:00- 10:00 a.m.	

Work Environment and Attendance Policy

- Endeavor to arrive on time.
- Turn cell phones, beepers, etc off.
- In deference to those around you, refrain from talking.
- I will never end late on purpose, thus, don't pack up early.
- I take all forms of academic dishonesty very seriously because it damages the reputation of the school. I will report any such behavior to the Dean.

Statement on Academic Conduct and Support Systems

Academic Conduct

- Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Section 11, Behavior Violating University Standards <https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/>. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct/>.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity <http://equity.usc.edu/> or to the Department of Public Safety <http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us>. This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. The Center for Women and Men <http://www.usc.edu/student-affairs/cwm/> provides 24/7 confidential support, and the sexual assault resource center webpage sarc@usc.edu describes reporting options and other resources.

Support Systems

- A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the American Language Institute <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs http://sait.usc.edu/academicssupport/centerprograms/dsp/home_index.html provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, USC Emergency Information <http://emergency.usc.edu/> will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.