Course Objectives

Theory of free trade from Ricardo to present; theory and application of Optimal and Second-best tariffs; recent empirical testing of trade and tariff theory; Trade and Growth.

The basic tools of analysis are diagrams. Use of Algebra and simple differentiation will be made to supplement the results derived from geometry. The prerequisite for this course is Econ. 407, Intermediate Microeconomic Theory.

Tests will be on everything covered in class, therefore, attendance is required. Students are welcome to drop by to discuss any questions.

Grading:

For the students taking Economics 441, credit will be given strictly on the basis of two midterms (60%), and a comprehensive final examination (40%). No make-up exams will be given.

For the students taking Economics 541, an additional requirement is a 10-20 page paper on a topic of your own choosing, which must be approved by me. This paper is due on the day for which the final exam is scheduled.

Textbooks:


Recommended Readings: (These books are at advanced level.)


Recommended Readings (cont.)


Course Outline and Assignments

I  Introduction
   Chacholiades, Ch. 1

II  The Classical Theory
    Chacholiades, Ch. 2

III  The Neoclassical Theory
    Chacholiades, Ch. 3 and 4

First Midterm

IV  The Heckscher-Ohlin Theory
    Chacholiades, Ch. 5

V  Empirical Testing
    Chacholiades, Ch. 6

VI  The Theory of Economic Growth and Trade
    Chacholiades, Ch. 7

Second Midterm
Course Outline and Assignments (cont.)

VII Gains from Trade and the Theory of Tariff
   Chacholiades, Ch. 8

VIII Domestic Distortions, Non-Economic Objective and Optimal Trade Policy
   Chacholiades, Ch. 9

IX Non-Tariff Barriers to Trade
   Chacholiades, Ch. 10

X Theory of Customs Unions
   Chacholiades, Ch. 11

Comprehensive Final Exam

XI Current Topics
   a. Non-Traded and Intermediate Goods
   b. Variable Returns to Scale
   c. Uncertainty
   d. Directly Unproductive Profit-Seeking (Dup) Activities