What is International Trade

The theory of international trade is an application of microeconomic theory. As such, Econ 4413 relies heavily on microeconomics, and Econ 3070 is very strongly recommended as a pre-requisite course for 4413.

International trade theory seeks to explain the pattern of trade and the gains from trade. It also attempts to determine the terms of trade in order to explain the division of the gains from trade between nations. All of this relies on theories of consumption, production, pricing, and factor demand. Trade policy issues are also an important part of understanding economic relations between nations. The policy institutions that have evolved to manage trade and the political economy behind those institutions will be fully explored in the course.

Materials

Instruction in the course will depend upon lectures and text readings. Our text is International Trade: Theory and Evidence (McGraw-Hill: 1995) by Jim Markusen, Jim Melvin, Bill Kaempfer and Keith Maskus. The Table of Contents of the text shows that it breaks down the topic into four parts, of which we will cover the first three. The first part reviews some basics of micro theory, explains the basic theoretical tools that we will use throughout the course, and establishes the gains from trade. Part two develops several different models to explain the causes of trade and offers some empirical evidence on the pattern of trade. Part three is devoted to trade policy.

Evaluation

Your grade will be determined by three components.

First: There will be frequent short quizzes throughout the semester, probably about 13. Your ten best scores will be compiled into a grade worth 50% of your course grade.

Second: The final exam (which will be comprehensive) will count for 40% of your grade.

Third: The remaining 10% can be earned in a variety of ways: You can submit a paper on an appropriate international trade topic (e.g., trade liberalization in Eastern Europe or the effect of NAFTA on job formation in the US); you can submit written answers to 50% of the questions listed on a final exam review sheet to be handed toward the end of the semester; or you can apply two quiz scores that did not get applied to the first 50% of your grade (e.g., your lowest scores). This last option is the default.

Policies

Standard University policy on cheating and plagiarism will be enforced. The final exam is scheduled for Thursday, May 8th at 3:30 p.m. If you also have a class at 9:00 a.m. MWF and 11:00 a.m. TR, you may be eligible for an exam adjustment, but you must request it by February 21st. Any student eligible for and needing academic accommodations due to a disability must make such request by January 24th.