



## **COURSE SYLLABUS**

Course: **ECON 4633 International Trade**

Prerequisite: (ECON 2013 and ECON 2023) or ECON 2143.

### **Course Description:**

This class will cover the basic concepts, models, new explanations and policies for international trade. We will learn three core models in this course: Ricardian model, Specific-factors model and Heckscher-Ohlin model. In addition to the conventional trade topics, some new explanations and real applications for international trade will also be covered. Based on the theories we introduced in class, we will discuss the trade policy: tariffs, quotas and subsidies. We will also learn the impact of trade policies on the patterns of trade and on the welfare of the countries.

### **Textbook:**

International Trade, 2008, 2011, by Feenstra and Taylor, Worth Publishers. ISBN-13: 978-1-4292-4104-5. ISBN-10: 1-4292-4104-7. (Required)

International Economics: Theory and Policy, 9<sup>th</sup> edition, by Krugman and Obstfeld, Pearson Addison Wesley. ISBN: 0-13-214665-7, 978-0-13-214665-4.

### **Course Grade:**

Your final grade will be determined by exams, group project, assignments and in class quizzes. The exams will account for 68% of the total grade. The first two in class exams are not cumulative. Final exam is accumulative. You can use final grade to substitute any lower grade in exam 1 and 2. We will have 6 assignments. The highest 4 grades of assignments will account for 20% in final grades. Each accounts for 5% in your final grade. The group project accounts for 7% in your final grade. Project will be group work (6~8 person). The project topics include trade theory or policy discussions. Every group will present the project at the end of the semester.

Exam 1: Oct. 4, Class time 34%

Exam 2: Dec. 6, Class time 34%

Final Exam: Dec. 11, 2012, 1-3pm

\*All dates and times are subject to change.

There might be several in-class quizzes. They are multiple choices or short question. If you get the RIGHT answer, you get 5 points; if you get a WRONG answer, you get 2.5 points for attendance; if you get NO answer, you get no point. We will have 7-10 in class quizzes, the highest 5 quizzes grade will be in final grade. It counts 5% . No make-up for quizzes.

### **Course Outline:**

Part 1: Overview

Chapter 1: Trade in global economy

Part 2: Theory of international trade

Chapter 2: Trade and technology: the Ricardian model

Chapter 3: Gains and losses from trade in the specific-factors model

**Exam 1 Oct. 4, in class**

Chapter 4: Trade and resources: the Heckscher-Ohlin model

Chapter 5: Movement of labor and capital between countries (optional)

Part 3: New explanations for international trade

Chapter 6: Increasing returns to scale and imperfect competition

Chapter 7: Foreign outsourcing of goods and services

Part 4: Trade policy

Chapter 8: Import tariffs and quotas under perfect competition

Chapter 10: Export subsidies in agriculture and high-technology

**Exam 2 Dec. 6, in class**

**Policies:**

The student who missed an exam must provide an official proven emergency which prevents you from attending class on the scheduled exam date **within 24 hours** after the missed exam to be allowed to take a makeup. Otherwise the student is not eligible to take a makeup exam and the missed exam equals zero point.

There is no makeup for in-class quizzes.

No late homework will be accepted.

If you have any questions during the lecture, please don't hesitate to ask me immediately. More clarification may help you and also other students who may have same questions. If for some reason you will come late or you need to leave early for the class, please sit close to the door and try to disturb the rest of class as little as possible.

**Academic Integrity:**

“As a core part of its mission, the University of Arkansas provides students with the opportunity to further their educational goals through programs of study and research in an environment that promotes freedom of inquiry and academic responsibility. Accomplishing this mission is only possible when intellectual honesty and individual integrity prevail.”

“Each University of Arkansas student is required to be familiar with and abide by the University's ‘Academic Integrity Policy’ which may be found at <http://provost.uark.edu/> Students with questions about how these policies apply to a particular course or assignment should immediately contact their instructor.”

**Special Assistance:**

If you need special assistance, please let me know during the first week of the classes, so that the required arrangement could be provided as soon as possible. The American with Disabilities Act (ADA) is federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with

disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact The Center for Educational Access(<http://www.uark.edu/ua/csd/>).

**Tentative Lecture Schedule:**

| <b>Week</b> | <b>Date</b>    | <b>Content</b>   |
|-------------|----------------|--|
| <b>1</b>    | Aug. 21        | Introduction   |
|             | Aug. 23        | Micro Review   |
| <b>2</b>    | Aug. 28        | Trade in the Global Economy<br>Chapter 1                                 |
|             | Aug. 30        | Ricardian Model  |
| <b>3</b>    | Sep. 4         | Chapter 2  |
|             | Sep. 6         | Chapter 2  |
| <b>4</b>    | Sep. 11        | Chapter 2  |
|             | Sep. 13        | Chapter 2  |
| <b>5</b>    | Sep. 18        | Gains and Losses from Trade<br>Chapter 3                                 |
|             | Sep. 20        | Chapter 3  |
| <b>6</b>    | Sep. 25        | Chapter 3  |
|             | Sep. 27        | The Heckscher-Ohlin Model<br>Chapter 4                                   |
| <b>7</b>    | Oct. 2         | Review / Chapter 4   |
|             | <b>Oct. 4</b>  | <b>Exam 1</b>  |
| <b>8</b>    | Oct. 9         | Chapter 4  |
|             | Oct. 11        | Chapter 4  |
| <b>9</b>    | Oct. 16        | Fall Break   |
|             | Oct. 18        | Chapter 4  |
| <b>10</b>   | Oct. 23        | Outsourcing, Chapter 7   |
|             | Oct. 25        | World Trade Organization (WTO)   |
| <b>11</b>   | Oct. 30        | Krugman's Model, Chapter 6 (Optional)                                    |
|             | Nov. 1         | Balance of Payment & International Trade Discussion<br>Summary of models |
| <b>12</b>   | Nov. 6         | Tariffs and Quota  |
|             | Nov. 8         | Chapter 8  |
| <b>13</b>   | Nov. 13        | Subsidies, Chapter 10  |
|             | Nov. 15        | Movement of Labor and Capital, Chapter 5 (Optional)                      |
| <b>14</b>   | Nov. 20        | Reading day  |
|             | Nov. 22        | Thanksgiving Holiday   |
| <b>15</b>   | Nov. 27        | Group Discussion   |
|             | Nov. 29        |  |
| <b>16</b>   | Dec. 4         | Discussion/Review  |
|             | <b>Dec. 6</b>  | <b>Exam 2</b>  |
|             | <b>Dec. 11</b> | <b>Final Exam 1-3pm</b>  |

\*\*The instructor reserves the right to adjust the contents, requirements and schedule of this course.