**Western New England University**

Department of Economics

Fall 2016-2017

EC372: International Trade

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**REQUIRED TEXT:**

Krugman, P., Obstfeld, M. and Melitz, M. (2014) **International Economics: Theory and Policy**, 10th ed. Pearson, New Jersey

**RECOMMENDED OUTSIDE READING:**

The **World Trade Organization** is the governing body regarding international trade agreements: (http://www.wto.org/)

**IMF Survey Magazine** is a weekly online magazine from the International Monetary Fund (<http://www.imf.org/external/pubs/ft/survey/so/home.aspx>)

The United Nations also has a permanent conference on international trade and development (**UNCTAD**) (<http://www.unctad.org/Templates/StartPage.asp?intItemID=2068>)

Reading the newspaper daily also strongly recommended. **The Republican** is okay for coverage of international news, but not great. There are free copies all over campus, so there is no excuse for not reading it really. **The Wall Street Journal** (<http://online.wsj.com/public/us>) is even more complete in terms of international coverage, also available for free on campus, and you can get a discounted student subscription for the print version. The **Financial Times** (<http://www.ft.com/home/us>) is also available for free on campus, great resource for current events- it’s also easy to spot because unlike other newspapers it is printed on pink paper. **The Economist** (<http://www.economist.com/>) is a weekly magazine that covers a lot of international issues, and is available in the library.

**Lecture material and class handouts**: The lecture slides will be posted online. I am always looking for material that will illustrate the topics that we are discussing. If at all possible, I will post online links to this material. If I am unable to do that I will hand out hard copies in class.

**COURSE DESCRIPTION AND CONTENT:**

The world’s economies continue to become increasingly globalized, with fewer and fewer barriers to international trade and financial flows, as well as improved communication technology which provides continuous links around the world. None-the-less, there are some unique problems that arise from financial and trading relationships between nations. EC372 is one of two courses that the Economics Department offers that investigate these problems in detail. EC371 (International Monetary Economics) considers globalized finance for the most part and only briefly discusses trade. You may have already taken that, or you might select it later. This course will do the opposite: we will concentrate on the issues raised by the increased globalization of trade, and occasionally discuss how this affects financial issues as well. The topics to be studied include: trade theories, tariff and non-tariff barriers to trade, preferential trade agreements, and trade and economic growth.

Learning Outcomes:

Upon completion of this course, students will be able to:

* Identify the main aspects of International Trade
* Apply relevant theory to analyze open-ended questions regarding issues in International Trade

**COURSE EVALUATION:**

1. Attendance (10%). Attendance will be taken in every class.
2. Homework (20%). Each chapter will have a series of homework assignments online. This course uses MyEconLab for homework assignments- if you bought the book through the university library, it should have come with an access code. If you got the book thorough another source, you can buy access via the Pearson website. Be careful what you buy- the default is the book & MyEconLab, and you already have the book. You only need MyEconLab access, which should cost @ $55. You can also have the bookstore help you with this.

Homework questions will be assigned after we have finished covering a chapter in class. It is very important to keep up with the homework. It is a good test of your understanding of the material, and it also prepares you for the exams.

1. Mid-term exam (35%). There will be a mid-term exam covering the first half of the course. The exam is a mix of multiple choice, short answer and some essay questions. Bring a calculator.

4. Final exam (35%). There will be a final exam covering the second half of the course. This will be held during the final exam period. Format the same as the mid-term exam. Bring a calculator.

**ACADEMIC INTEGRITY:**

It is expected that all written works must be your own. Anything copied from another source without giving credit to the author is considered plagiarism, and will be dealt with accordingly. Your term paper must be properly referenced.

**AMERICANS WITH DISABILITIES:**

The College complies with the Americans with Disabilities Act in making reasonable accommodations for qualified students with disabilities. Students with special needs should contact the office of Dr. Bonnie Alpert in the Students with Disabilities Center.

**EVALUATIONS:**

You will have the opportunity to evaluate this course and me as a professor during the last week of the course.

***COURSE SCHEDULE*:**

**Unit 1: What is International Economics?**

(Ch. 1 of Krugman, Obstfeld, Melitz)

**Unit 2: An Overview of World Trade**

(Ch. 2 of Krugman, Obstfeld, Melitz)

**Unit 3: The Ricardian Model**

(Ch. 3 of Krugman, Obstfeld, Melitz)

**Unit 4: Specific Factors and Income Distribution**

(Ch. 4 of Krugman, Obstfeld, Melitz)

**Unit 5: The Heckscher-Ohlin Model**

(Ch. 5 of Krugman, Obstfeld, Melitz)

**Midterm Exam**

**Unit 6: The Standard Trade Model**

(Ch. 6 of Krugman, Obstfeld, Melitz)

**Unit 7: International Location of Production**

(Ch. 7 of Krugman, Obstfeld, Melitz)

**Unit 8: Firms in the Global Economy**

(Ch. 8 of Krugman, Obstfeld, Melitz)

**Unit 9: The Instruments of Trade Policy**

(Ch. 9 of Krugman, Obstfeld, Melitz)

**Unit 10: The Political Economy of Trade Policy**

(Ch. 10 of Krugman, Obstfeld, Melitz)

**Unit 11: Trade Policy in Developing Countries**

(Ch. 11 of Krugman, Obstfeld, Melitz)

**Unit 12: Controversies in Trade Policy**

(Ch. 12 of Krugman, Obsteld, Melitz)

**Final Exam**

I’ve listed this as units rather than as weeks because how fast we will cover the material will affect when the midsemester is. So I have built some flexibility into the system.