

## *International trade*

### *Econ 4113 X1*

### *Course Outline*

Internatna trade Course\_OUT\_Fall 2017

**Fall 2017**

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## **Introduction**

Welcome to this course on international trade. We know that specialization is the most efficient way to conduct economic activity wherever possible. Most people are not aware that specialization requires cooperation but most people agree that efficiency requires everyone to participate in economic activity to the best of her/his ability. In turn, this requires a certain amount of greed on the part of everyone. Too much greed leads to a highly inefficient allocation of resources. The best way to achieve cooperation and efficiency and to control greed is to allow for competition and good governance.

***Clearly, specialization requires trade and cooperation supplemented by competition on a plane level field and trade must be free from restrictions. This is not by any means clear to everyone. Cooperation and competition constitute a game and this game is not naturally cheat-proof.***

It is a fact that the world is divided in many different nations, driven by economic and noneconomic forces, and technological change occurs unevenly across nations. This makes it necessary to distinguish between trade within nations and trade across nations. Although most governments of various nations have championed free trade with as few restrictions as palatable to their tastes, they nevertheless engage in many forms of control of their trades with other nations for political and greed reasons. Many famous economists have spilled a lot of ink trying to convince government officials in every nation of the obvious benefits of trade across nations free from artificial barriers. Other economists have argued that temporary or permanent restrictions on trade across nations are a necessary evil to counter the lack of plane level field due to the speed, significant subsidies, protection of the fruits and randomness of technological, greed at the community levels, and attempts to gain or regain control over natural resources.

In the first part of this course, we learn about the reasons for and benefits from free and balanced trade across nations. In the second part, we discuss the effects of governments erected impediments to free trade and the exploitations of the confusion between the effects of free trade and the effects of subsidized and highly protected of government granted monopoly power of the fruits of technological progress. We will also discuss certain governments' efforts to mitigate the effects of their protectionist policies on trade flows.

**Textbook:**

Dominick Salvatore International Economics, 9<sup>th</sup> edition, John Wiley, New York, 2013

Section 2 of this course outline describes the grading system. Sections 2 and 3 provide the relevant dates for the exams and the due dates of assignments.

**Section 1: Course Outline:**

Week	Subject	Salvatore Chapters
Week 1-	Comparative advantage, technology, and trade across nations	1,2
Week 2-3	Standard theory of International trade	3
Week 4-5	Demand and Supply and offer curves	4
Week 5-6	The Classical International Trade Model (Heckscher-Ohlin)	5
Week 7	Economies of Scale and international Trade	6
Week 8	Economic Growth and International Trade, Rybczynski Theorem	7
Week 9-10	Tariffs and International Trade	8
Week 11-12	Non-Tariff barriers and trade	9
Week 12-13	Attempts to get around barriers to trade: Customs unions and Free Trade Areas	10

**Section 2: Grading System**

	Date	Weight
Test 1	October 10, 2017	5
Test 2	November 30, 2017	5
Midterm Exam	October 26, 2017	32
Final Exam	Consult the final exam schedule of the registrar's office	35
Assignments	See Schedule Below	15
Paper	November 30 2017	8

**Please note to earn a C- grade or better in this course, you need to pass the final exam with a mark of 50% or better.**

**Section 3: Assignment Schedule**

Assignment	Date of Distribution of Text	Due date
1	September 21, 2017	October 3, 2017
2	October 3, 2017	October 12, 2017
3	November 9, 2017	November 21, 2017

Assignments must be handed in at the beginning of class of the corresponding due date.

*Good Luck*

