ECONOMICS 121- INTERNATIONAL TRADE THEORY

Course Description
In this course we will study alternative models of international trade. We will examine trade patterns, gains from trade and income distribution impact of international trade. We will also examine issues of protectionism and commercial policy in developing as well as industrialized countries. This is a theory course; it does not cover case studies beyond the many examples provided in the book.

Required textbook

Lecture notes
Lecture notes will be posted on the web. However, most lectures will expand on the posted material, thus the students are encouraged to attend classes.

Study questions
Each chapter provides plenty of study questions. Their answers will not be posted on the web. However, I will discuss the pertinent text book questions during the lectures. The purpose of not posting them on the web is to encourage in class learning of how to solve the problems.

Exams
There will be two: The weights and the times of the exams are as follows:
Midterm Exam (% 45): February 12, during the lecture hour, in the rooms to be announced later.
Final Exam (%55): March 16, 9-11 am. (note that it is a 2 hour final exam) in rooms to be announced later.

All the exams will be cumulative.

THERE WILL NOT BE ANY CHANGES TO THE ABOVE GRADING POLICY.

I will be providing you with a letter grade distribution after the midterms. The course grades will be assigned based on your course score using your midterm and final scores with the percentages indicated above. There will be a new letter grade distribution based on course scores. It is important that you understand the midterm letter grades are only indications based on your standing in the midterm. Obviously, your letter grade will change based on your performance in each of the exams.
The distribution of letter grades will be as follows: %25 As, %35 Bs, %25 Cs, %10 Ds, %5 Fs.

Policy on missed exams (UNDER NO CIRCUMSTANCES WILL THERE BE A CHANGE TO THE POLICY ANNOUNCED BELOW)
Exams must be taken at their scheduled time. Please note that under no circumstances will a makeup exam be administered if a student misses a midterm. If a student has a legitimate emergency (by “emergency” I mean serious and unanticipated) and can provide acceptable documentation of such an emergency, then additional weight will be placed on the final exam. Any such documentation, such as a doctor’s note, should clearly state that the student was incapacitated and was therefore unable to take the exam or faced a serious impediment that prevented attendance at the exam. A student who misses an exam without a valid, verifiable excuse will receive a zero. If due to a verifiable emergency, a student misses the final exam, then that student will be required to take a makeup final exam administered by the department at the officially announced day and time. There will be no other make-up exams administered. If a student misses all exams the course grade will be an “F”.

It is your responsibility to inform me in advance that you will miss an exam. Make sure that I have received your communication. To indicate that I will send you a confirmation e-mail promptly. Otherwise call the Department office and leave a message for me. (310) 825-1011

Under no circumstances I will a consideration to your condition at the time you took the exam, such as you were in some distressing situation that led you to perform badly in the exam.

You may ask for a re-grade. If you do so, your entire exam will be re-graded. All re-grade requests must be done within two weeks from the time of the announcement of grades. After distributing the exams during a lecture hour and giving you a chance to review them in class, I collect the exams. You can review them again during my office hours.

Cheating

During the exams you will be allowed to have only your writing equipment on your desks. If you are caught cheating during an exam you will receive a zero for that exam and you will be reported to the Dean of Students. Cheating includes having any lecture related material near you during the exam.
TENTATIVE SCHEDULE:
January 6
World trade: overview, Ch. 1-2

January 8, 13
Labor productivity and comparative advantage, The Ricardian model, Ch. 3

January 15, 20
Specific Factors and Income Distribution, Ch. 4

January 22, 27
Resources, comparative advantage and income distribution, Ch. 5

January 29
The standard trade model, Ch. 6

February 3
Catching up and review

February 5
Midterm exam

February 10
The standard trade model, Ch. 6- continued

February 12
External Economies of Scale and International Location of Production, Ch. 7

February 17, 19
Firms in the Global Economy, Ch. 8

February 24, 26
Instruments of Trade Policy, Ch. 9

March 5, 10
The Political Economy of Trade Policy, Ch. 10; Trade Policy in Developing Countries, Ch. 11; Controversies in Trade Policy, Ch. 12

March 12
Catching-up and Review.