Syllabus

Course Content: The purpose of this course is to provide an understanding of issues in economic relations among countries and to develop a framework for analyzing these issues. Major topics to be covered include the determinants of international trade in goods and services, international movement of labor and capital, as well as trade policy issues such as tariffs, non-tariff barriers to trade, and economic integration. The course covers only the real effects of globalization, international financial issues will not be treated.

Lectures, Problem Sets and Exams: You are responsible for all the material and announcements in the lectures. If you miss one, borrow someone’s notes. There will be five graded homework assignments. You will be asked to solve the problem sets in groups of two to three students. The homework assignments will only be graded if they are handed in by the due date. Both problems sets and answer keys to the problem sets will be posted on my website. There will be two midterms and one final exam. The exams are not cumulative.

Grading: Your grade will be determined on the basis of your homework assignments (25%), the midterm exams (25% each), and the final exam (25%). No makeup exams will be given!

Teaching Assistant: Your TA for this course is Kai Zhang. The TA’s office hours are by appointment only. The TA’s e-mail is: kzhang@smu.edu
Learning Outcomes:

1. Students will obtain a precise understanding of key international trade concepts such as the absolute and comparative advantage, factor endowment theory, the Stolper-Samuelson theorem, inter- and intra-industry trade, economics of scale and trade in differentiated products, foreign direct investment, international migration, trade policies such as import tariffs and non-tariff barriers to trade, and stages of economic integration such as free trade areas, customs unions, and common markets.

2. Students will demonstrate the ability to analyze price, income and welfare effects of moving from closed to open economies including changes in the income distribution brought about by free trade.

3. Students will learn to derive general equilibrium trade models from basic assumptions about technology, endowments, and preferences.

Disability Accommodations: Students needing academic accommodations for a disability must first register with Disability Accommodations & Success Strategies (DASS). Students can call 214-768-1470 or visit http://www.smu.edu/Provost/ALEC/DASS to begin the process. Once registered, students should then schedule an appointment with the professor as early in the semester as possible, present a DASS Accommodation Letter, and make appropriate arrangements. Please note that accommodations are not retroactive and require advance notice to implement.

Religious Observance: Religiously observant students wishing to be absent on holidays that require missing class should notify their professors in writing at the beginning of the semester, and should discuss with them, in advance, acceptable ways of making up any work missed because of the absence. (See University Policy No. 1.9.)

Excused Absences for University Extracurricular Activities: Students participating in an officially sanctioned, scheduled University extracurricular activity will be given the opportunity to make up class assignments or other graded assignments missed as a result of their participation. It is the responsibility of the student to make arrangements with the instructor prior to any missed scheduled examination or other missed assignment for making up the work. (University Undergraduate Catalogue)
**Key to Success:** Here are some strategies that may help you to succeed in this course:

- Come to class as often as possible! Keep your lecture notes as complete and accurate as possible. They will be your major source of preparation for the exams.

- After each class, go through your lecture notes and the assigned readings. Make sure you understand them. If you have questions, come and see me during my office hours or make an appointment with the teaching assistant.

- Carefully study all problem sets! Work them through repeatedly because most exam questions will be modified versions of problem set questions.

- Read the relevant chapters in the assigned textbook.

**Readings:** The textbook for this course is: *D.R. Appleyard and A.J. Field: International Economics*, eighth edition, 2013, hereafter called "AF".
Course Outline

1. Introduction (AF, Ch. 1)

2. Ricardo and the Principle of Comparative Advantage (AF, Ch. 2 and 3)

3. The Heckscher-Ohlin Model of Trade (AF, Ch. 5, 6 and 8)

   First Midterm Exam (Tuesday, September 29)

4. The Krugman-Helpman Model of Trade (AF, Ch. 10)

5. Additional Models of Trade (AF, Ch. 10)

6. Trade and International Movement of Labor (AF, Ch. 12)

7. Trade and International Movement of Capital (AF, Ch. 12)

   Second Midterm Exam (Thursday, November 5)

8. Trade Policy
   - Reasons for Protectionism (AF, Ch. 15)
   - Tariff Barriers to Trade (AF, Ch. 13 and 14)
   - Non-Tariff Barriers to Trade (AF, Ch. 13 and 14)
   - Economic Integration (AF, Ch. 17)

9. Special Topics
   - The U.S. Trade Deficit: Causes and Consequences (AF, Ch. 19)

   Final Exam (Friday, December 11, 11:30 AM, 243 LEE)