

ECON 341

International Economics I

Fall 2016
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GENERAL INFORMATION

Course Description: The law of comparative advantage. The Ricardian, the Heckscher-Ohlin and the Increasing Returns models of international trade. Economic growth and trade. Trade policy analysis: tariffs and nontariff barriers. Economic integration. International factor movements.

Extended Course Description

General information on World Trade. Introduction to Labor Productivity and Comparative Advantage. The Ricardian and the Heckscher-Ohlin Models of Trade. Economies of Scale. International Factor Movements. Identification of the Instruments of Trade Policy. The Political Economy of Trade Policy. Introduction to Trade Policy in Developing Countries with a Special Emphasis on Turkish Economy. Discussion of Controversies in Trade Policy.

Course Objective:

The primary objective of this course is to introduce the principles of international trade theory and policy. The subject matter is discussed by developing the basic ideas of the international trade theory and then putting those ideas to work.

As we develop these basic ideas, we will be answering many key questions such as: Why do nations exchange goods and services? Who exports what to whom at what prices? Which countries produce which goods? Is international trade a good thing for the world, and if so, how are the gains from trade are distributed among nations? Are some countries made better off at the expense of the others? Here are a few examples of what the course is about: It is about whether trade hurts domestic workers. It is about how economic integration process works. It is about multinational corporations larger than countries. It is about whether we should restrict imports of Chinese textiles or Japanese automobiles. It is about labor standards, sweat shops and child labor. It is about whether we should care about "southern" pollution. It is about developed country complaints about outsourcing and developing country complaints about the degree of protection in the EU agriculture.

Credits: (3+0+0) 3 TEDU Credits, 6.0 ECTS Credits

Prerequisites: ECON 211 **Corequisites:** None

Learning Outcomes:

Upon successful completion of this course, a student will be able to

1. Characterize and interpret the law of comparative advantage,
2. Explain and demonstrate the basis for, pattern of and gains from trade in various models of international trade,
3. Discuss the reasons why trade is a politically contentious issue and the arguments for free trade despite the existence of losers,
4. Evaluate the costs of benefits of different instruments of trade policy, their welfare effects, and winners and losers from protective trade measures,
5. Explore the effects of economic integration and international factor movements on different parties,
6. Use concepts and models learned in this course to interpret current trade issues.

COURSE READINGS**Required Text:**

(KOM): Krugman. P., M. Obstfeld and M. Melitz, International Economics: Theory and Policy. 10th Edition, Pearson, New York, 2015.

Optional Text:

Robert Feenstra and Alan Taylor, International Trade, Worth Publishers, 2014.

Dominick Salvatore, International Economics: Trade and Finance, 11th Edition, Wiley, 2014.

Supplementary Material:

Real world scenarios and applications will be discussed with the aid of supplementary readings. They will be assigned as the course progresses or handed out in class.

ASSESSMENT METHODS**Homework:**

There will be four homework assignments. They are crucial in helping you to understand the material taught in class, but they will also ask you to apply concepts from class to a variety of real world issues to develop your critical thinking skills. In addition, they help you in preparing for the exams.

Midterm Exam:

There will be one mid-term exam. Material for the exam will be taken from the assigned readings and class discussions.

Final Exam:

There will be a final exam covering the material studied after the midterm exam. Material for the exam will be taken from the assigned readings and class discussions.

Research Project and Presentation:

To satisfactorily complete the course, you must write and present a guided research paper.

You will construct well-defined arguments and/or carefully executed empirical analysis to apply the concepts and ideas that you learn in the classroom.

More information about the research project will be given as the term progresses.

GRADING

The course grade will be based on the following:

	<u>Weight</u>
Homework	20%
Research Project and Presentation	20%
Midterm Exam	30%
Final Exam	30%

Grade Evaluation Scale:

A grade of less than 50% is an F. Everything above 50% will be evaluated on a curve according to class performance and will be awarded a letter grade of AA, BA, BB, CB, CC, DC or DD on the performance scale.

TEACHING and LEARNING

Planned Learning Activities and Teaching Methods:

Telling/Explaining, Discussions/Debates, Questioning, Reading, Problem Solving, Case Study/Scenario Analysis, Video Presentations, Oral Presentations/Reports.

Student Workload:

Lectures 42 hrs, Readings 42 hrs, Quizzes/Homework 40 hrs, Midterm Exam 16 hrs, Final Exam 16 hrs, Research Review 24 hrs. -- Total workload is 180 hours.

Computer Usage:

Students will use MS Office applications (Word, Excel, Access) to work on their weekly assignments about 2 hours a week.

How to Get the Best out of This Course:

1. COME TO CLASS. In the past, the single best predictor of final grades has been class attendance. Every year, some portion of my students stop showing up as the term wears on. These people consistently get C's and worse.
2. TAKE NOTES. Getting notes from your friends or downloading the lecture slides are poor substitutes, even if those notes are of high quality. Why? Because most of the learning you will do actually takes place in the process of hearing and seeing the material from the professor and peers, transcribing it into your notes and engaging in discussions with your peers in the classroom.
3. READ THE TEXT. Be disciplined about keeping up with the material. Read the text before class in order to familiarize yourself with the models that we will be discussing.
4. PARTICIPATE. Finally, get involved in your own and your peers' learning by being active participants in class discussions, spending the necessary time on assignments and studying together outside the classroom if that helps.

COURSE POLICIES

Homework:

1. You are to work on problem sets individually and to write up and turn in your own answers. Answers that are simply copied from somebody else in class will receive a score of zero.
2. In fairness to students who complete assignments on time, no late assignments will be accepted.
3. Handwritten solutions are acceptable as long as they are legible and neat.

Lectures:

1. Come to class on time, be seated and ready to begin class. Latecomers miss announcements, handouts, the initial thrust of the class, and disturb other students.
2. I will not allow laptops to be used in class, as they are too much of a distraction from the discussion, and are generally not as good as a pen for taking notes. If a student has a particular need to use a laptop, please ask me and I will be willing to consider its use.
3. Cell phones must be put away during lectures and exams.

Make-up:

1. If you have a legitimate and documented excuse and miss the mid-term exam for some dire reason, you will be given a written makeup exam. In case of serious illness, a verifying report from a physician is necessary and it has to be approved by the University Health Centre.

Re-grading:

1. HOMEWORK: No re-grade requests will be accepted.
2. EXAMS: I am willing to entertain re-grade requests, subject to the following rules:
 - a. Re-grade requests will be accepted within one week of seeing your exam. After that point, they will not be accepted.
 - b. Requests must be written. You should explain clearly why you claim you deserve more points. Note that "My answer looks just like the key" is not a reason.
 - c. I re-grade the entire exam, not just the question you have highlighted. Since errors in grading go both ways, and a re-grade request is an assertion that errors have occurred, I want to make certain to eliminate all errors. This means that your grade can go up and it can go down.
 - d. I will answer the re-grade request within a week, in writing. At that point, the grade is final and not subject to further discussion.

STUDENT CONDUCT**Academic Integrity:**

Academic dishonesty in assignments, examinations, or other academic performance is prohibited and considered a violation of the Student Conduct Regulations. It includes 'cheating' (the intentional use or attempted use of unauthorized materials, information or study aids); 'fabrication' (the intentional falsification or invention of any information); 'assisting in dishonesty or tampering' (intentionally or knowingly helping or attempting to help another commit an act of dishonesty or tampering with evaluation instruments and documents); and 'plagiarism' (intentionally or knowingly representing the words or ideas of another person as one's own). Penalties for academic dishonesty may result in receiving an 'F' in the course, or referral to the Dean of the Faculty in which you are enrolled for further action.

Disruptive Behavior:

Behaviors that are disruptive to teaching and learning will not be tolerated, and will be referred to the Rector's Office for disciplinary action. Behaviors that create a hostile, offensive or intimidating environment based on gender, race, ethnicity, color, religion, age, disability, marital status or sexual orientation will be referred to the Rector's Office.

TENTATIVE SCHEDULE

Week	Topic	Readings (KOM)
Sep 26-Oct 2	World Trade: An Overview	Chapter 2
Oct 3-Oct 9	The Ricardian Model	Chapter 3
Oct 10-Oct 16	The Ricardian Model The Specific Factors Model	Chapter 3 Chapter 4
Oct 17-Oct 23	The Heckscher-Ohlin Model QS1 due	Chapter 5
Oct 24-Oct 30	The Standard Trade Model HW1 due	Chapter 6
Oct 31-Nov 6	Firms in the Global Economy QS2 due	Chapter 8
Nov 7-Nov 13	Firms in the Global Economy HW2 due	Chapter 8
Nov 14-Nov 20	Midterm Exam	
Nov 21-Nov 26	The Instruments of Trade Policy	Chapter 9
Nov 28-Dec 4	The Instruments of Trade Policy QS3 due	Chapter 9
Dec 5-Dec 11	The Political Economy of Trade The Political Economy of Trade Policy HW3 due	Chapter 4 Chapter 10
Dec 12-Dec 18	Trade Policy in Developing Countries QS4 due	Chapter 11
Dec 19-Dec 25	Controversies in Trade Policy HW4 due	Chapter 12
Dec 26-Dec 31	Research Project Presentations	