COURSE OUTLINE

I. Catalog Description

EC 655 Economics of International Trade (4)

Advanced topics in international trade. Theory of exchange; tariffs and other trade barriers. Problems of international competition and cooperation. 4 lecture/discussions. Prerequisites: EC 401, EC 403, and EC 404. Unconditional standing required.

II. Required Background or Experience

EC 401, EC 403, and EC 404. Unconditional standing required.

III. Expected Outcomes

Students in EC 655 will:

a) develop a solid foundation in advanced international trade theory and policy,

b) examine new advancements in trade theory and policy, the role of market structure, and changes in welfare and policy conclusions that result from changes in market structure,

c) perform basic statistical and econometric research in international trade, and

d) research and interpret the effects of a specific international trade policy.

IV. Text and Readings

Texts:


**Readings:**


**References:**

American Economic Review
Blanca Nazionale Del Lavoro
Brookings Discussion Papers in International Economics
Canadian Journal of Economics and Statistics
Economic Inquiry
Economica
Economic Journal
Economic Record
Federal Reserve publications
International Economic Review
International Financial Statistics
Journal of Banking and Finance
Journal of International Economics
Journal of International Money and Finance
Journal of Monetary Economics
Journal of Political Economy
Oxford Economic Papers
Princeton Studies in International Finance
Review of Economics and Statistics
Survey of Current Business
Welwirtschaftliches Archiv
Zeitschrift fur Wirtschafts und Sozialwissenschaften

V. **Minimum Student Materials**

Textbooks, and access to references, graphing materials and computing facilities.
Economics of International Trade
EC 655
Page 3

VI.  Minimum College Facilities

Classroom suitable for discussion and presentation of research results, and equipped for use of audio-visual materials. Access to personal computers (PCs).

VII. Course Outline

A. Analytic Relationships in Ricardian Theory
   1. Ricardian Theory and the Pattern of Trade
   2. Some Extensions of Ricardian Theory

B. Model and Analytic Relationships under the Heckscher - Ohlin Theory
   1. Pattern of Trade and the Heckscher - Ohlin Theory
   2. Specific Factors Model
   3. Pattern of Trade and the Heckscher - Ohlin Theory

C. Dual Approach: Basic Tools
   1. Economies of Scale
   2. Tariffs and Trade Equilibrium
   3. Tariffs versus Quotas
   4. Other Commercial Policy Instruments
   5. Effective rate of Protection

D. Principle Issues and Policy Instruments
   1. Gains from Trade
   2. Measuring Gains from Trade
   3. Monopoly Power in Trade
   4. Production Externalities
5. Monopoly in Production
6. Imperfect Competition and Trade Policy
7. Uniform versus Preferential Tariff Reduction
8. International Capital Flows

VIII. Instructional Methods

Assigned readings and term projects. Student-professor discussion of readings. Students will present the results of their studies for critique by class members and the professor.

IX. Evaluation of Outcomes

In addition to participation in class discussions, there will be three required writing assignments:

a) Term Paper: The student will write a term paper that examines a specific international finance and open economy macroeconomic problem. The source of the problem and solutions to the problem must be identified and critically analyzed in the paper. The paper must additionally discuss changes in overall economic welfare and progress towards optimality with respect to their chosen topic. The analysis and results of the topic may be presented orally to the class.


c) Final Exam: A cumulative essay examination is additionally required for all students.