Course Objective

This course should enhance each student’s ability to make informed decisions involving international economic issues from the standpoint of rigorous microeconomic analysis. Lectures will emphasize the theory needed to hold intelligent discussions of international trade issues.

The course will develop two main ideas: international trade stems from comparative advantage, and countries gain from trading with each other. However, while countries as a whole are better off under free trade, factor-owners in import-competing sectors are hurt by trade. If these potential losers from trade are politically powerful enough, tariffs or other trade restrictions may be implemented to protect these groups at the expense of the overall economic well-being of the country and the world. This course also will examine the potential consequences of immigration and multinational firms (foreign direct investment).

Prerequisites

The requirement for this course is a solid understanding of Microeconomic Theory (econ 323) or Applied Microeconomic Theory (econ 322).

Textbook

*International Economics: Theory and Policy, 7th edition by Paul Krugman & Maurice Obstfeld*

Download other material from the class website.
Grading

Your grade is based on your performance in learning fundamental models and results in international trade and applying them to real world issues, as determined by your scores on the three exams (equally weighted). Also, extra credits will be granted for class participation, and for solving practice questions that will be provided during the term.

The grading scale is standard:

- 90-100 A
- 80-89 B
- 70-79 C
- 60-69 D
- Below 60 F

Exams

The exams will have a mixture of multiple choice questions and problems requiring detailed solutions. Past exams will be available on the class website for you to prepare and acquaint yourself with the format of the exams. The final exam is not cumulative. Regarding make-up exams, I will strictly follow A&M Policies in this issue. If you miss an exam, I will only accept excuses that fulfill University requirements, and you should contact me within the next 48 hours after the exam to set up a date for the make up exam.

The dates are:

<table>
<thead>
<tr>
<th>Date</th>
<th>Chapters</th>
<th>Exam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday, July 16</td>
<td>2, 3</td>
<td>First Midterm (during class time)</td>
</tr>
<tr>
<td>Thursday, July 26</td>
<td>4, 5</td>
<td>Second Midterm (during class time)</td>
</tr>
<tr>
<td>Wednesday, August 8</td>
<td>7, 8</td>
<td>Final (1:00 - 3:00 P.M.)</td>
</tr>
</tbody>
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How to succeed in this course

Read this syllabus carefully - it contains important dates and guidelines for assignments. Before class, read the text so that the lectures will be easier to understand.

Although attendance is optional, it is very important that you attend class. After class, read the material a second time to help it sink in. Work on the exercises at the end of the
lecture notes as we cover the corresponding examples in class and ask any questions at the start of the following class. Work hard on the problem sets, which also will help prepare you for the exams.

Keep up as we cover material in class - in case something is not clear, go ahead and ask me in class, after class, during office hours or just send me an e-mail. Consider linking up with a classmate to study so that you can help each other out when confused. Do not leave studying to the last minute - pace yourself and leave time to get help if needed.

Use some past exams to familiarize yourself with the standard format (especially important for multiple choice), but leave one or more as a practice test to assess any weaknesses in your knowledge that might remain. Reinforce those weak areas with more studying prior to the exams.

**ADA Policy statement**

The American with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Department of Student Life / Services for Students with Disabilities, in Cain Hall. The phone number is 845-1637.

**Aggie Honor Code**

“An Aggie does not lie, cheat, or steal or tolerate those who do.”

Upon accepting admission to Texas A&M University, a student immediately assumes a commitment to uphold the Honor Code, to accept responsibility from learning, and to follow the philosophy and rules of the Honor System. Students will be required to state their commitment on examinations, research papers, and other academic work. Ignorance of the rules does not exclude any member of the TAMU community from the requirements or the processes of the Honor System. For additional information please visit: [www.tamu.edu/aggiehonor/](http://www.tamu.edu/aggiehonor/)
# Tentative Lecture Schedule

- **Introduction**

### Week 1
(July 3 – July 6)
- Chapter 2. World Trade: An Overview
- Chapter 3. Labor Productivity and Comparative Advantage: The Ricardian Model

### Week 2
(July 9 – July 13)
- Chapter 3 (Cont.)
- Review (Chapters 2, 3)

### Week 3
(July 16 – July 20)
- First Midterm, on Monday
- Chapter 4. Resources, Comparative Advantage, and Income Distribution
- Chapter 5. The Standard Trade Model
- Review (Chapters 4, 5)

### Week 4
(July 23 – July 27)
- Second Midterm, on Thursday
- Chapter 7. International Factor Movements
- Chapter 7 (Cont.)

### Week 5
(July 30 – August 3)
- Chapter 8. The Instruments of Trade Policy
- Review (Chapters 7, 8), on Monday

### Week 6
(August 6 – August 8)
- Final Exam, on Wednesday (1:00 - 3:00 P.M.)

**Note:** Lectures will roughly follow the textbook, but sometimes they will go beyond what is covered in the text. Conversely, lectures often will not cover everything that is in the corresponding chapter. For that matter, please download handouts and other material from the class website.