COURSE DESCRIPTION

This is a one-semester course in international economics. Economics 301 or 311 is a prerequisite for the course. Economics 365, The World Economy, is intended for students who have not completed Economics 301 or 311 and/or who are not Economics majors. Economics majors who have not completed Economics 301 must do so before enrolling in Economics 465.

The course covers material describing the pattern of world production and explaining the basis for international trade and the gains from trade. We survey U.S. trade policies and evaluate the effects of these policies on domestic and international welfare. We look at new arguments for restricting trade and the development of preferential trading agreements. We study the World Trade Organization, international factor mobility, and special issues for developing economies.

LEARNING OBJECTIVES

By the end of this course, students should:
• Know the main facts about international trade flows;
• Understand the main determinants of observed trade flows;
• Be able to use general equilibrium techniques to analyze a variety of issues related to international trade, including:
  o the gains from trade;
  o the link between trade and inequality;
  o how growth affects trade and the gains from trade;
• Be able to evaluate the implications of different trade policy instruments in a variety of economic environments;
• Understand the political economy of trade policy making;
• Know the main features of the World Trade Organization and the objectives of the Doha Round of trade negotiations.

COURSE REQUIREMENTS

Please pay close attention to the class schedule. You must read the material prior to the class meeting and be able to discuss the material with the class. We cover a lot of material and students who fall behind will be greatly disadvantaged. You should also read about current events in the world economy throughout the semester.

Students are required to attend all class sessions and to participate actively in class discussions. To help you stay on track, you must complete four problem sets. These problem sets are graded and are due in class on the dates shown below. You must also sit for two midterm exams. The first midterm covers the first half of the syllabus and the second one covers the second half. All students enrolled in the class are expected to take these exams on the scheduled dates. Permission to take a make-up exam will be given only to those students who have a legitimate and pressing need to be excused, such as illness.

<table>
<thead>
<tr>
<th>ASSIGNMENT OR EXAM</th>
<th>DATE DUE</th>
<th>WEIGHT IN FINAL GRADE</th>
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</thead>
<tbody>
<tr>
<td>Problem Set #1</td>
<td>September 17</td>
<td>10</td>
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<tr>
<td>Problem Set #2</td>
<td>October 3</td>
<td>10</td>
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<tr>
<td>Midterm Exam I</td>
<td>October 13</td>
<td>25</td>
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<tr>
<td>Problem Set #3</td>
<td>November 5</td>
<td>10</td>
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<tr>
<td>Problem Set #4</td>
<td>November 24</td>
<td>10</td>
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<tr>
<td>Midterm Exam II</td>
<td>December 5</td>
<td>25</td>
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<tr>
<td>Attendance and Participation</td>
<td>Every Class</td>
<td>10</td>
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We will give consideration in assigning final grades to students who distinguish themselves by active and productive participation in class discussions. As always, students will be held to the highest standards of academic honesty: No cheating of any sort will be tolerated during exams and students suspected of such behavior will be subject to the appropriate university procedures, with the minimum penalty being a failing grade on the exam. Students may work together on problem sets, but each student must prepare his or her answers on his or her own. If you have any doubts about appropriate behavior, please ask.
**Academic Accommodations for Students with Disabilities:** Students who are in need of disability-related academic accommodations must register with the Office of Disability Services (ODS), 804 University Avenue, Room 309, 315-443-4498. Students with authorized disability-related accommodations should provide a current Accommodation Authorization Letter from ODS to the instructor and review those accommodations with the instructor. Accommodations, such as exam administration, are not provided retroactively; therefore, planning for accommodations as early as possible is necessary.

**Required Materials**


We have also assigned readings from journals and edited volumes. These are available on our class website on Blackboard.

**SCHEDULE OF CLASSES**

<table>
<thead>
<tr>
<th>DATES</th>
<th>READING ASSIGNMENT</th>
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<tbody>
<tr>
<td>8/25</td>
<td>Introduction to the course: content and requirements</td>
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<tr>
<td>8/27</td>
<td>Trade in the Global Economy</td>
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<tr>
<td></td>
<td>FT, Chapter 1</td>
</tr>
<tr>
<td>8/29</td>
<td>“The New Wave of Globalization and Its Economic Effects,”</td>
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<tr>
<td>9/1</td>
<td>Labor Day. No class.</td>
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<tr>
<td>9/3, 5, 8</td>
<td>Trade and Technology: The Ricardian Model</td>
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<td>FT, Chapter 2</td>
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<tr>
<td>9/10, 12, 15</td>
<td>Gains and Losses from Trade in the Specific-Factors Model</td>
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<td>FT, Chapter 3</td>
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<tr>
<td>9/17, 19, 22</td>
<td>Trade and Resources: The Heckscher-Ohlin Model</td>
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<td></td>
<td>FT, Chapter 4 and Appendix</td>
</tr>
<tr>
<td>9/24, 26, 28</td>
<td>Movement of Labor and Capital between Countries: Migration</td>
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<td>FT, Chapter 5</td>
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Economics 465 Syllabus -4-

10/1, 3, 6  Increasing Returns to Scale and Imperfect Competition  
FT, Chapter 6

(BLACKBOARD)

10/10  Review and Mid-term Course Evaluations

10/13  MIDTERM EXAM

10/15, 17  Foreign Outsourcing of Goods and Services  
FT, Chapter 7  

10/20, 22, 24  Import Tariffs and Quotas under Perfect Competition  
FT, Chapter 8

10/27, 29, 11/3  Import Tariffs and Quotas under Imperfect Competition  
FT, Chapter 9

11/5, 7, 10  Export Subsidies in Agriculture and High-Tech Industries  
FT, Chapter 10


11/12, 14, 17  International Agreements: Trade, Labor and the Environment  
FT, Chapter 11

11/19, 21
The World Trade Organization, the Uruguay Round, and Doha

The WTO in Brief
www.wto.org/english/res_e/dol/oad_e/inbr_e.pdf


Chapters 5 & 6 in Douglas Irwin, Free Trade Under Fire, Princeton University Press.

11/24, 12/1
International Trade and Developing Countries
(11/26, 28: Thanksgiving Break)

Arvind Panagariya, “Developing Countries In Doha: A Political-Economy Analysis” World Economy, forthcoming.


12/3
Review and Mid-term Course Evaluations

12/5
MIDTERM EXAM II