

Rutgers University

Economics 01:220:435:01 – International Trade

Basic Course Information

Contact Info:	Professor Thomas Prusa Email: prusa@econ.rutgers.edu Office: New Jersey Hall , Room 309, 2-8646 Office Hours: Tuesday, 10:00am-12:00pm, and by appointment
Lectures and Recitations:	Murray Hall 210 (College Avenue Campus) Tu-Th Period 5, 3:50pm-5:10pm
Class website:	https://canvas.rutgers.edu/
Dept Website:	http://economics.rutgers.edu

Learning Outcomes:

This course examines the microeconomic theory of international trade and trade policy. About half to two-thirds of the course will be devoted to developing a theoretical framework to improve understanding of the problems of international trade. We will examine the possibility of gains from trade, the nature of comparative advantage and the determination of patterns of trade, and the roles of scale economies, imperfect competition, and factor movements in an international economy. The rest of the course will consider the effects of protection (tariffs, non-tariff barriers, administered protection) and some aspects of the political process of the formation of trade policy. If time permits, we will conclude the course by examining international trade agreements.

Note: Major credit may be earned for only two of the three courses 220:300, 220:435, 220:436.

Course Prerequisites

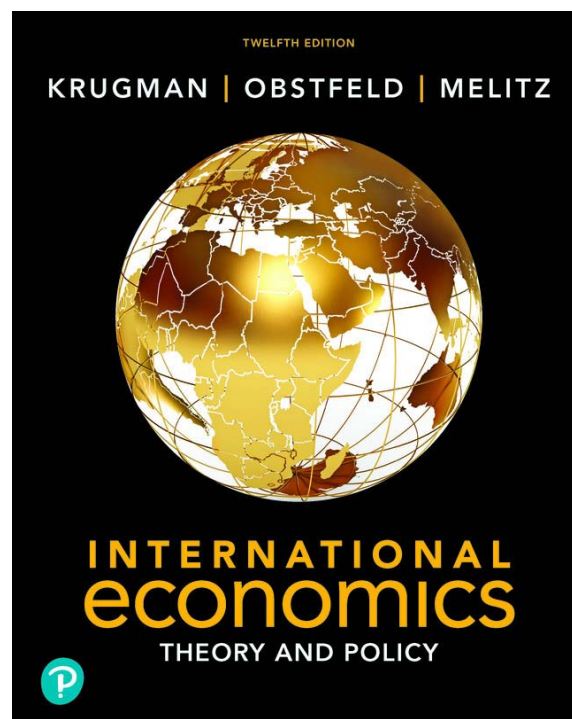
Prerequisites are designed to protect you from taking courses that you are unprepared to successfully complete. You should follow the recommended prerequisites closely. The following courses are prerequisites for this course. You are expected to have mastered the material covered in these courses *before* taking this course.

- 220:102, Intro to Microeconomics
- 220:103, Intro to Macroeconomics
- 220:320, Intermediate Microeconomics
- 220:322, Econometrics

Required Text

The following e-textbook will help you successfully complete this course. The lectures will roughly follow the format of the textbook.

Paul R. Krugman, Maurice Obstfeld, and Marc Melitz,
International Economics, 12th edition, (ISBN 9780137465699)



Note that the required textbook is an e-textbook. If you wish, you can instead purchase a print edition. If you decide you want a printed copy, you can purchase either the current edition or a used copy of the 11th edition.

The e-text can be purchased from the Rutgers Bookstore or directly from the [publisher's website](#). The publisher's website allows you to purchase the e-text on a monthly basis (minimum 4-month subscription).

<https://www.pearson.com/store/en-us/pearsonplus/p/9780137465699.html>

If you purchase the eText, you should also download the [Pearson eText Mobile App](#) (at no extra cost). The mobile app will give you portable access to the eText and lets you read and study whenever you have the chance, both online and offline.

NOTE: Be sure to CANCEL the subscription at the end of the semester, otherwise Pearson will continue to charge you each month.

Weekly Schedule

Week-by-week schedule consists of the following steps

1. Read the required chapter/sections of the required textbook for Tuesday's class meeting. Work on assigned homework problems, if any.
2. Attend Tuesday class meeting. Bring copy of PowerPoint lecture notes to class (if desired).
3. Read the required chapter/sections of the required textbook for Thursday's class meeting. Work on assigned homework problems, if any.
4. Attend Thursday class meeting. Bring copy of PowerPoint lecture notes to class (if desired). **Take in-class Quiz (almost every week).**
5. Complete and submit homework assignments (on Canvas).

Grading

Your grade in the course will be based on (i) (almost) weekly homework assignments, (ii) (almost) weekly quizzes.

- **Homework** (240 total points, 24% of grade) – 13 homework assignments, each worth 20 points; your low homework score will be dropped;

$$12 \text{ homework assignments} \times 20 \text{ points/homework} = 240 \text{ points}$$

You can collaborate with your fellow students to work on homework assignments! But each student must submit assignments individually.

No extensions are granted for homework assignments. Due dates and times will be clearly indicated on Canvas. Get them finished.

- **Quizzes** (760 total points; 76% of grade) – 11 quizzes (given in-class), each worth 76 points; your low quiz score will be dropped;

$$10 \text{ quizzes} \times 76 \text{ points/quiz} = 760 \text{ points}$$

No extensions are granted for quizzes.

- **Extra Credit** (10 total points) – students who score at least 50% on all 13 homework assignments and all 11 quizzes will get 10 bonus points added to their total.

The following table shows the relationship between letter grades and the percentage of total points earned.

% of total points (p)	Letter Grade
$p > 90\%$	A
$90\% \geq p > 85\%$	B+
$85\% \geq p > 75\%$;	B
$75\% \geq p > 67\%$	C+
$67\% \geq p > 60\%$	C
$60\% \geq p > 50\%$	D
$50\% \geq p$	F

Attendance

There is no formal attendance policy. Nevertheless, I strongly recommend that you attend lectures. Attending lectures is not a substitute for reading the book, nor is attending the lectures sufficient to fully understand the material. To get the most from this course you should both attend lecture and read the designated chapters.

Reading List

Chapter 1	Introduction
Chapter 2	World Trade: An Overview
Chapter 3	Labor Productivity and Comparative Advantage: The Ricardian Model
Chapter 4	Specific Factors and Income Distribution
Chapter 5	Resources and Trade: The Heckscher-Ohlin Model
Chapter 7	External Economies of Scale and the International Location of Production
Chapter 8	Firms in the Global Economy: Export and Foreign Sourcing Decisions and Multinational Enterprises
Chapter 9	The Instruments of Trade Policy
Chapter 10	The Political Economy of Trade Policy
Chapter 11	Trade Policy in Developing Countries
Chapter 12	Controversies in Trade Policy

Special permission numbers

The economics department has a long-standing policy of not issuing special permission numbers for any economics class that is closed. The only way you can enroll in this class (or any other economics class) is to use the regular online registration system. Keep checking, and as soon as someone drops the course you want, grab the opening immediately.

Academic Integrity

Cheating is totally unacceptable. The University has established severe penalties for cheating. The [University's policy on academic integrity](#) can be found at <http://nbacademicintegrity.rutgers.edu/> .

Students are expected to maintain the highest level of academic integrity. You should be familiar with the [university policy on academic integrity](#). Violations will be reported and enforced according to this policy.

Use of external website resources such as Chegg.com or others to obtain solutions to homework assignments, quizzes, or exams is cheating and a violation of the University Academic Integrity policy. Cheating in the course may result in grade penalties, disciplinary sanctions or educational sanctions. Posting homework assignments, or exams, to external sites without the instructor's permission may be a violation of copyright and may constitute the facilitation of dishonesty, which may result in the same penalties as plain cheating.

Honor Pledge

Students will need to “affirm” the honor pledge on every quiz in this course:

On my honor, I have neither received nor given any unauthorized assistance on this examination.

**Department of Economics
Rutgers, The State University of New Jersey
February 2008**

Learning Goals for Economics Majors

- 1) **Economic Literacy** – Students who complete the major in economics should understand and be able to articulate, both orally and in writing, the core economic principles, concepts and theories that form the foundation for modern economic analysis and economic research.
- 2) **Economic Numeracy** – Students who complete the economics major should be familiar with the tools, techniques and methods of empirical economics. They should be able to analyze data using computer applications and should be familiar with regression methods and other statistical techniques. They should be able to read and assess general interest articles on economic topics. In addition, they should be able to understand and evaluate key findings in published economic research from a wide range of sources including academic economists, public policy ‘think tanks,’ and government agencies.
- 3) **Economic Citizenship** – Upon completion of the major students should be able to apply their understanding of core concepts and quantitative tools to analyze and research real world problems and evaluate alternative economic policy proposals on microeconomic and macroeconomic issues.
- 4) **Economic Scholarship** – Qualified majors should have an opportunity through such avenues as advanced coursework, faculty interactions, national and local competitions and honors courses and programs to utilize up-to-date methodological tools and become fully engaged in economic research and issues on the frontiers of economics.