

Econ 340 – International Trade
Fall 2022

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Course Description:

This course will analyze the causes and consequences of international trade and investment. We will investigate why nations trade, what they trade, and who gains (or not) from this trade. We will then analyze the motives for countries or organizations to restrict or regulate international trade and study the effects of such policies on economic welfare. Topics covered will include the effects of trade on economic growth and wage inequality, multinationals and foreign direct investment, international trade agreements and current trade policy disputes. We will also spend some time discussing aspects of the current debate on "globalization" such as the use of international labor standards, interactions between trade and environmental concerns, and the role of non-government organizations (NGOs). Although the course will emphasize the understanding of past and current events in the world economy, we will heavily rely on **formal economic modeling** to help us understand these events.

Suggested Textbook Krugman, Paul, Maurice Obstfeld, and Marc Melitz. *International Economics: Theory and Policy*. 10 th ed (or newer editions) . Addison-Wesley, 2011. ISBN: 9780132146654.

Textbook: Homer online purchase link:

<https://www.homerbooks.com/urun/international-economics-theory-and-policy>

Course Outline:

1. Introduction
KOM, chapter 1
2. Labor Productivity and Comparative Advantage: The Ricardian Model
KOM, chapter 3,

3. Specific Factors and Income Distribution: The Ricardo-Viner Model
KOM, chapter 4: 50-68
4. Resources and Trade: The Heckscher-Ohlin Model (Including Trade and Wages)
KOM, chapter 5
5. The Standard Trade Model: Welfare Effects of TOT Changes and Economic Growth
KOM, chapter 6
6. Economies of Scale and International Trade External Economies of Scale and the International Location of Production Internal Economies of Scale and Trade (Monopolistic Competition and Oligopoly) Dumping, Reciprocal Dumping and Antidumping
KOM, chapters 7 and 8
7. Labor Migration, Foreign Direct Investment and Outsourcing
KOM, chapter 4: 69-73
8. Foreign Direct Investment and Outsourcing
KOM, chapter 8: 180-187
9. Instruments of Trade Policy Tariffs and Import Quotas Export Subsidies and Voluntary Export Restraint Agreements Regulations and Standards (Technical Barriers to Trade, Labor Standards)
KOM, chapter 9
10. Political Economy of Trade Policy Trade Policy to Counter Domestic Distortions Strategic Trade Policy
KOM, chapter 10

Grading:

Midterms: There are two midterms and a final. Each midterm counts for % 30 of your overall grade. The midterms are not cumulative.

Final There will be one **cumulative** final exam during the final exam week and the date will be announced by the university. The final constitute %30 of your overall grade. The make-up exam for the final will be given 4 days after the announced final exam date by the university.

Dates:

Midterm 1 : November 7th , 2022

Midterm 2 : December 19th, 2022

Final : announced by the university

Homework: There will be graded homework assignments that constitute % 10 of overall grade. Questions in the homework assignments will be solved by your TA during recitation hours. You are asked to solve these homework assignments in groups of at most 3.

The course grade is solely based on the grading scheme stated on the syllabus. There will be no exceptions to this (like doing additional assignments, writing a term paper etc.) .

Students who fail to show up for the exams indicated in the Syllabus without a valid excuse and not taking the make-up examinations for such exams will receive N/A as their final grade.

In case we have to give online examination, Your webcam must always be on during exams-if not, your exams will be void. You must connect to the Zoom link for the course with your official Sabancı University e-mail account, and not utilize other email accounts.

Rules of conduct : If you miss a class, it is your responsibility to go over the course material.

Attendance: Attendance is crucial in order for you to learn the course material.

Communication: All class announcements, grades and problem sets will be announced on SuCoursePLUS.

Academic Integrity: Receiving help from another student on an exam, giving help to another student on an exam, tampering with a graded exam, presenting another student's work as your own, and lying to the instructor, are all violations of academic honesty. In this course the penalty for cheating on an exam or homework assignment will be a grade of F in the course.