

<b>Lectures:</b>	T*TH 12:00 – 1:30, Classroom: 125 TUREAUD
<b>Instructor:</b>	Bulent Unel, Office: 2134 Taylor
<b>Office Hours:</b>	T-Th: 3:00pm–4:30pm
<b>E-mail:</b>	bunel@lsu.edu

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**Description:** This course will introduce the basic theories and policies of international trade and relate them to current economic events and policies. We will study important issues, including gains from trade, patterns of trade, and protectionism vs. globalization. We will also analyze major bilateral and multilateral trading agreements, including the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO).

**Prerequisite:** ECON 2000 and 2010; or ECON 2030. The course requires familiarity with the basics of macro- and, in particular, microeconomics. Also the course requires a solid knowledge of algebra and graphical techniques. If you are not good enough in graphical analysis, algebra, or calculus, you should drop this course.

**Course Material:** The textbook is *International Economics: Theory and Policy*, by Paul R. Krugman and Maurice Obstfeld, 8<sup>th</sup> Edition, Pearson-Addison-Wesley.

We will only cover chapters from the first two parts of this book. I will also post several non-technical articles on the course site on Moodle. Readings from the course materials will be assigned as the course progresses.

**Homework:** There will be 8-10 problem sets. You should submit your own solutions (cheating will be treated very seriously). Your solutions will be graded on a scale of check plus (10), check (7), check minus (4), or zero, and the homework with the lowest score will be dropped. Problem sets have to be handed in class on due date. Late homework will **not** be accepted under any circumstances.

**Exams:** There will be two in-class exams and a final exam. The first midterm will be given on Thursday, September 29; the second midterm will be given on Tuesday, November 3. The midterm dates are tentative, depending on our pace in the course, I may change them in future. There will be a comprehensive final at the end of the semester on Thursday, December 10 (Exam Time: 12:30-2:30pm).

DO NOT MISS THE EXAMS. There will be **no makeup** for the midterm exams. If you miss a midterm for a valid reason, you have to inform me **before** the exam begins. Your excuse must be fully documented and officially approved. In that case, its weight will be added to your final.

The Student Handbook with the link to Student Absence from Class (PS-22) gives the definitions of valid excuse. You have one week from the missed exam date to produce written documentation. If the documentation is not received by the end of that week, the excuse absence will be revoked and you will get zero from the exam.

**Grading:** Homework: 10%, Midterm 1: 30%, Midterm 2: 30%, and Final: 30%.

**Attendance Policy:** There is no attendance requirement *per se*. However, consistent class attendance and participation will greatly increase your chances for success, as well as lightening your outside of class workload.

**Course Outline:** This outline represents a basic course plan that may change as we go along.

1. World Trade: An Overview, Chapter 2
2. Review of the Tools to Be Used in the Course, Lecture notes will be posted on Moodle
3. Labor Productivity and Comparative Advantage: The Ricardian Model, Chapter 3
4. A Model of a Two-Factor Economy, Chapter 4
- MIDTERM 1** [September 29]
5. The Heckscher-Ohlin Theory, Chapter 4
6. The Standard Trade Model, Chapter 5
7. Economies of Scale and Imperfect Competition, Chapter 6
- MIDTERM 2** [November 3]
8. International Factor Movements, Chapter 7
9. The Instruments of Trade Policy, Chapter 8
10. The Political Economy of Trade Policy, Chapter 9
11. Trade Policy in Developing Countries, Chapter 10
12. Controversies in Trade Policy, Chapter 11
- FINAL** [December 10]