COURSE SYLLABUS

ECON 513 (section M1): International Trade

University of Illinois at Urbana-Champaign
College of Liberal Arts & Sciences
Department of Economics

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10:00-11:50am, MW, 123 DKH
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Office Hours: Tuesdays 10:00-12:00, or, by appointment
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This course will analyze the basis behind why countries engage themselves in international trade, pattern of trade and the impact of international trade policy and institutions on resource allocation, distribution and welfare.

The objective will be to help students acquaint with various concepts, theories and techniques so as to acquire a perspective on how countries across the globe are interconnected economically, prepare for further specialization in the subject, understand trade-policy related writings and be able to write such documents at some professional level.

PREREQ

Intermediate microeconomics, algebra, differential calculus, unconstrained and constrained optimization, acquaintance with graphs.

CLASS POLICIES

a. Exams will be based on what is covered and/or assigned in the class. Slides or assigned readings are not sufficient by themselves. Documentary proof of health or other emergencies must be furnished for missing an exam. All exams will be closed to books and notes. No devices for communication will be permitted.

b. Grading
   - Mid-Term: 25%
   - Final (Cumulative): 40%
   - Topic Presentation: 15%
   - Homework: 20%
c. Mid-term will be held during class hour on October 18, 2017, Wednesday.

d. The final exam date, time and place will be announced later.

e. *All home works will not carry the same weight.* Some will have more problems and/or more difficult problems than others. They may be submitted individually or as a group (group size cannot exceed four). They will be assigned in class, not posted in Compass. Solutions will be posted in Compass.

f. Home work problems will be graded by Mr. Haoxi Wang (Jacob), a Ph. D. scholar in economics, and his email is: hwang247@illinois.edu.

g. Any re-evaluation or correction of points may involve re-examination of the entire script.

h. There will be no extra-credit work.

i. Academic integrity, as outlined in the *Student Code*, 2012-13, will be followed seriously. Those found cheating or helping others to cheat will be penalized accordingly.

**TEXTBOOKS**


Both will be put on reserve in the Main Library soon.

**TOPICS TO BE COVERED IN CLASS**

References listed below are only partial. Class coverage will typically exceed the material in the chapters in FT and KOM in terms of rigor.

**An Introduction to Course Material**

References: FT (Chapter 1); KOM (Chapter 2); United Nations Statistics Division Website [https://unstats.un.org](https://unstats.un.org)

Excel file on Harmonic Classification will be put on the Compass.

**Comparative-Advantage Based Competitive Models of Trade**

*Ricardian Models: Technology and Productivity Differences, Revealed Comparative Advantage and Trade Indicators*

References: FT (Chapter 2, Chapter 3 Application pp. 65-66); KOM (Chapter 3)

See Trade Indicators.pdf in Compass.
Specific Factors Model
References: FT (Chapter 3); KOM (Chapter 4)

Heckscher-Ohlin-Samuelson Model: Factor Endowments Differences
References: FT (Chapter 4); KOM (Chapter 5)

Forms of Trade and Trade-Related Policies and Quantification

Import Tariff and Quotas under Perfect Competition and some NTBs
References: FT (Chapter 8); KOM (Chapter 9)

Non-Comparative Advantage Based Models of Trade and Intra-Industry Trade: Oligopolistic Competition, Scale Economies, Product Differentiation, Intra-Industry Trade - “New” Trade Theory
References: FT (Chapter 6, sections 1, 2, 3, 4)

Empirical Intra-Industry Trade and Gravity Equation
References: FT (Chapter 6, Section 4); KOM (Chapter 2, pp. 11-15)

Import Tariff and Quotas under Imperfect Competition
References: FT (Chapter 9)

International Outsourcing and an Introduction to Trade in Services

Export Subsidies
References: FT (Chapter 10)

Topics for Presentation
A. China in World Trade: Empirics
B. Brexit Estimates
C. Trade in Services

D. Regional Trading Arrangements

E. Globalization, Inequality and Poverty

F. Counter-Terror Measures and International Movement of Persons

G. Terrorism and Foreign Direct Investment

H. Other Topics

Relevant references on these topics will be provided later.