

ECON 4171 (5171) - 001  
ECONOMICS OF INTERNATIONAL TRADE  
Fall 2019  
T, R, 4:00 - 5:15 p.m.  
107 Friday Building

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<u>Instructor:</u>	Dr. Hwan C. Lin
<u>Office:</u>	217B Friday Building
<u>Office Hours:</u>	T, R, 2:30 – 4:00 pm;
<u>Office Phone:</u>	(704) 687-7646
<u>E-mail:</u>	<a href="mailto:hwlin@uncc.edu">hwlin@uncc.edu</a>
<u>My Website:</u>	<a href="http://www.belkcollege.uncc.edu/hwlin/">http://www.belkcollege.uncc.edu/hwlin/</a>
<u>Required Text:</u>	Krugman & Obstfeld & Melitz, <u>International Trade: Theory and Policy</u>

Course Description:

Surveys international trade theory and policy. Emphasis is on answering the questions: Why do countries trade? What is the implied pattern of trade? What are the effects of trade on wages, prices, production, and national welfare? Further, we will discuss several instruments of trade policy. Theoretical models include the Ricardian Model, the Specific Factors Model, the Heckscher-Ohlin Model, and the Standard Trade Model. These traditional models are all based on perfect competition and constant returns to scale. They view “comparative advantage” as the primitive force to drive international trade.

The course also surveys some noncompetitive trade models, which are grounded in scale economies and/or market imperfections. These models view international trade as a result of the interaction of scale economies and product differentiation, in contrast to comparative advantage.

It is hoped that students will make sense of international trade issues after taking the course.

Course Prerequisite: ECON 3122 or Consent from the instructor. Students are assumed to be familiar with basic microeconomic concepts and tools such as supply curve, demand curve, indifference curve, production possibility frontier (PPF), producer surplus, and consumer surplus.

Attendance: Students are expected to attend every class on time. Your class attendance will count toward your course grade as specified Grading Policy. It is your responsibility to ask other students, rather than the instructor, for the class announcement you missed.

Grading Policy:

- 1) The course grade is based on three exams and homework assignments throughout the Fall 2019 semester.
- 2) The three exams including the final are equally weighted, with each exam counting for 100

points. The final exam is non-cumulative.

3) The homework assignments count for 100 points in total. All homework assignments will be posted in my UNCC website. Every student must download, complete, and hand in each homework assignment to the instructor in the classroom on the due date as soon as the class begins. You will earn zero point from any overdue homework.

4) The maximum points you can earn from the course are 400 points. Your average percentage score is computed with the following formula:

$$\text{Average} = \frac{\text{Exam1} + \text{Exam2} + \text{Exam3} + \text{Homework}}{400}$$

6) Course Grade

- For ECON 4171: A = 88% or above, B = 78% - 87%, C = 68% - 77%, D = 58% - 67%, F = 58% below
- For ECON 5171: A = 90% or above, B = 80% - 89%, C = 70% - 79%, U = 70% below

7) No make-up test shall be given, unless you can provide justifiable reasons. To justify a make-up test, you will be asked to provide official documents. Yet, the decision is subject to the instructor's approval. You will earn zero point from any test you missed.

### Important Dates

First day of classes – Tuesday, August 20, 2019

Last day of classes – Tuesday, December 3, 2019

Exam 1 – Tuesday, September 24

Exam 2 – Tuesday, October 29

Exam 3 (Final) – Thursday, December 12, 2:00 – 4:30 pm

Note: in order for you not to miss any test, homework, or announcements, you are advised to visit my UNCC Canvas website every week.

### Reading Assignments (subject to changes)

#### Part I: International Trade Theory

- World trade: An overview, Ch 2
- Labor productivity and comparative advantage: The Ricardian model, Ch 3
- Specific factors and income distribution: The Specific Factors model, Ch 4
- Resources and trade: The Heckscher-Ohlin Model, Ch 5
- The standard trade model, Ch 6
- External Economies of Scale and the International Location of Production, Ch 7

- Firms in the Global Economy: Export Decisions, Outsourcing, and Multinational Enterprises, Ch 8

Part II: International Trade Policy

- Instruments of trade policies, Ch 9
- The political economy of trade policy, Ch 10

Academic Integrity:

Students have the responsibility to know and observe the requirements of The UNC Charlotte Code of Student Academic Integrity (Catalog, page 275). This code forbids cheating, fabrication or falsification of information, multiple submissions of academic work, plagiarism, abuse of academic materials, and complicity in academic dishonesty. Any special requirements or permission regarding academic integrity in this course will be stated by the instructor and are binding on the students. Academic evaluations in this course include a judgment that the student's work is free from academic dishonesty of any type; and grades in this course therefore should be and will be adversely affected by academic dishonesty. Students who violate the code can be expelled from UNC Charlotte. The normal penalty for a first offense is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to F. Copies of the code can be obtained from the Dean of Students Office. Standards of academic integrity will be enforced in this course. Students are expected to report cases of academic dishonesty to the course instructor.