

Course Code: ECON-443

Course Title: International Trade - Theory & Policy

Credit Hours: 3

Pre-requisite(s): Intermediate Microeconomics and Intermediate Macroeconomics

Course Objectives:

The main objective of the course is to offer a detailed introduction to theory and practice of international trade and of trade-related policies. It focuses on analyzing the gains from trade, the changing patterns of trade, the income distributional consequences of liberalizing foreign trade, and the reasons for and consequences of trade policies. The course relies predominantly on a standard collection international trade models to understand the motivations behind modern trade policies.

Learning Outcomes:

By the end of the course, students should be able to

- Analyze causes and effects of exchange rate variations and apply that knowledge to the analysis of current issues in international finance
- Understand the policies that government may use to address internal and external imbalance
- Demonstrate the ability to think critically and comment on current debates on international policy

Course Contents:

Introduction	Why We Study International Trade? Basis of Trade, Gains from Trade. Absolute Advantage: Adam Smith, Trade Based on Comparative Advantage: David Ricardo, Comparative Advantage and Opportunity Costs and Free Trade Equilibrium. Disagreement on Free Trade.
Modeling International Trade	The Production Frontier with Increasing Costs, Community Indifference Curves, The Marginal Rate of Substitution, Equilibrium in Isolation, The Basis for and Gains from Trade with Increasing Costs, Trade based on Differences in Tastes.

<p>Equilibrium in Trade models</p>	<p>The Equilibrium-Relative Commodity Price with Trade-Partial Equilibrium Analysis, Offer Curves, General Equilibrium Analysis and Relationship Between General and Partial Equilibrium Analysis and Terms of Trade</p>
<p>Heckscher-Ohlin Theory</p>	<p>Assumption of the Theory, Factor Intensity, Factor Abundance and The Shape of Production Frontier, Factor Endowments and the Heckscher-Ohlin Theory. Factor price equalization. Factor Intensity Reversal</p>
<p>International Trade Policy</p>	<p>Trade as engine of growth, the terms of growth and economic development, export instability, import substitution.</p> <p>Tariff and small country, effect of Tariff, price and demand for imports, welfare impacts, impacts of tariff on government revenue. TOT of production and welfare. Impacts of tariff on domestic and world welfare, tariff and the large country.</p>
<p>Economic Integration</p>	<p>Trade-Creating Custom Unions, Trade-Deviating Custom Unions, Dynamic Benefits from Custom Unions.</p>
<p>Tariffs and Restrictions</p>	<p>Stolper-Samuelson theorem, The Optimum Tariff and retaliation, tariff and distribution of income. Import Quotas, Other Non-Tariff, Growth of factors of production, Rybczynski, growth and trade, Immiserizing Growth</p>
<p>Further Topics in Trade</p>	<p>New trade theories and economies of scale, trade based on product differentiation, measuring intra- industry trade, technology gap and product cycle model, cost of transportation and environment standard.</p>

Teaching Methodology:

- To deliver lectures on topics included in course outline
- To require each student to solve independent assignments on topics included in the course.

Evaluation Criteria:

Evaluation Method	Total Percentage
Quizzes/Assignments	25%
Mid-Term Exam	35%
Final-Term Exam	40%

Recommended Books:

- International Economics: Theory and Policy by Paul R. Krugman and Maurice Obstfeld, Latest edition.
- International Economics by Donomick Salvatore, Latest edition.
- International Trade (3rd Edition) by Robert C. Feenstra and Alan M. Taylor, Worth Publishers.