

ECONOMICS 251

INTERNATIONAL TRADE

W. J. Ethier
SPRING 2013

McN 286-7
TuTh: 3-4:20

Economics 251 is a one-semester course on international trade. The prerequisite is Economics 101, Mathematics 104 and Mathematics 114 or 115. Economics 252 is a companion course on international monetary economics; however, you can obtain credit for either without taking the other. If you have had Economics 50 or 150 you *cannot* obtain credit for this course; if you take this course you will not in the future be able to obtain credit for Economics 50.

OFFICE HOURS

Wilfred Ethier:

Mon (2-3) and Tu (10-12). in McNeil 563.
email: ethierwj@msn.com

Hikaru Saijo:

Questions about the lectures should be directed to *Ethier* and questions about the textbook problems should be directed to *Saijo*. (But you may see either in cases of scheduling conflicts).

TEXT

Ethier, **MODERN INTERNATIONAL ECONOMICS**, 3rd edition (Norton, 1995).

STUDY GUIDE FOR MODERN INTERNATIONAL ECONOMICS, 3rd edition (Norton, 1995).
[Recommended only]

REQUIREMENTS

There will be two hour examinations (each 1/4 of the course grade) and a final (1/2). You are also responsible for being able to do the problems assigned below, although they will not be collected or discussed in class. Answers to them all may be found in the **STUDY GUIDE**.

Questions on examination grades will not be entertained after one week following the initial return of corrected examinations. Such questions must be directed to the TA. In the event of disagreements, appeals may be directed to Ethier.

Please note that the dates and times of the hour and final examinations are listed below. It is your responsibility to avoid preventable conflicts (e.g., with flights), and these times take precedence over any other exams or other events announced subsequently.

Make-ups for the hour exams will NOT be given. If you miss one exam (for sickness or whatever) your grade will be determined by 1/3 for the other hour exam and 2/3 for the final. If you miss a second hour exam you will receive a grade of 0 for that exam.

COURSE CALENDAR

FIRST HOUR EXAMINATION: Tuesday, 12 February

The exam will cover all material discussed in class up to and including Thursday, Feb. 7th, plus the readings and problems associated with that material.

Spring Break: March 2–10

SECOND HOUR EXAMINATION: Thursday, 21 March

The exam will cover all material discussed in class up to and including Tuesday, Mar. 19th, plus the readings and problems associated with that material.

FINAL EXAMINATION: Monday, 29 April, 12 – 2

The final examination will be cumulative.

READING LIST

I. Introduction and Organization

II. Why Nations Trade

A. *Comparative Advantage*

chapter 1

Problems: 1.1, 1.4, 1.5, 1.8, 1.11, 1.22

B. *Economies of Scale*

chapter 2

Problems: 2.6, 2.7, 2.8

C. *Imperfect Competition*

chapter 3

Problems: 3.6, 3.7, 3.10, 3.11

III. How Nations Trade

A. *International Equilibrium*

chapter 4

Problems: 4.2, 4.4, 4.5, 4.15, 4.16

B. *Factor Endowments*

chapters 5, 6

Problems: 5.2, 5.4, 5.5, 5.16, 5.17, 5.21, 5.22, 5.25, 5.26

IV. Using Trade Theory

A. *Commercial Policy*

chapters 7–9

Problems: 7.1, 7.2, 7.11, 7.12

B. *Economic Integration*

chapter 20, sections 1–4

Problem: 20.6