

## ITRN 504, Section 003

### Microeconomics and Trade for International Commerce

#### **DRAFT SYLLABUS – 07/31/2009**

Fall 2009, Tuesdays, 7:20-10:00 PM  
Room: ARL 268

Instructor: Carl Pasurka  
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Office hours: Tuesday 6:00-7:00 and by appointment (phone, e-mail)

#### **Course Description**

This course consists of two parts – an introduction to microeconomics (i.e., Principles of Microeconomics) and international trade. The microeconomics portion of this course investigates four topics. First, markets (i.e., supply and demand) are a means of allocating resources. Second, we investigate neo-classical theory of producer behavior and consumer behavior. Third, we will study models of firm and market behavior under perfect competition and monopoly. Finally, we will investigate the role of government for cases of “market failure.” The second part of the course – international trade - serves two functions. First, it provides an understanding of the justification for trade among nations, an analysis of trade policies, and an overview of the institutions associated with international trade. Second, it represents an application – and review - of the microeconomic theory developed in the first portion of the course.

#### **Required Books**

Mankiw, H.G., *Principles of Microeconomics*, South-Western Thomson, Fifth Edition, 2006. To be accessed via [Aplia](#) (see below). **\*\*DO NOT PURCHASE A TEXTBOOK AT THE BOOKSTORE UNTIL YOU READ THE APLIA SECTION\*\***

Reinert, K.A., *Windows on the World Economy: An Introduction to International Economics*, South-Western Thomson, 2005. **(This text is used in the second half of the semester)**

#### **Course Requirements and Grading**

Mid-term Exam – 30 percent

Final exam - 40 percent

Problem Sets- 30 percent (all problem sets have equal weights subject to the following conditions)

1. All problem sets are assigned EQUAL WEIGHTS
2. The TWO lowest scores will be discarded

NOTE: there may be *one or two additional* homework assignments not listed in the course outline that will cover material later in the International Trade portion of the class

### **Course Outline and Readings**

#### *I. PRINCIPLES OF MICROECONOMICS*

##### *Week 1 (September 1)*

Mankiw, Chapter 1, "Ten Principles of Economics"

Mankiw, Chapter 2, "Thinking Like an Economist" including Appendix

Aplia graded problem set:

"Introductory to Using Aplia Problem Sets," deadline- 11:00 PM, September 6 (Sunday)

##### *Week 2 (September 8)*

Mankiw, Chapter 4, "The Market Forces of Supply and Demand"

Mankiw, Chapter 5, "Elasticity and Its Application"

Aplia graded problem sets:

"Math and Graphing Assessment with Tutorials," deadline- 11:00 PM, September 13 (Sunday)

"Chapter 2- Problem Set," deadline- 11:00 PM, September 13 (Sunday)

##### *Week 3 (September 15)*

Mankiw, Chapter 6, "Supply, Demand, and Government Policies"

Mankiw, Chapter 7, "Consumers, Producers, and the Efficiency of Markets"

*Week 4 (September 22)*

Aplia graded problem set:

"Chapter 4- Problem Set," deadline- 9:00 PM, September 21 (Monday)

Mankiw, Chapter 8, "Application: The Costs of Taxation"

Aplia graded problem set:

"Chapter 5- Problem Set," deadline- 11:00 PM, September 27 (Sunday)

"Chapter 6- Problem Set," deadline- 11:00 PM, September 27 (Sunday)

*Week 5 (September 29)*

Mankiw, Chapter 10, "Externalities"

Mankiw, Chapter 11, "Public Goods and Common Resources"

Aplia graded problem sets:

"Chapter 7- Problem Set," deadline- 11:00 PM, October 4 (Sunday)

"Chapter 8- Problem Set," deadline- 11:00 PM, October 4 (Sunday)

*Week 6 (October 6)*

Mankiw, Chapter 13, "The Costs of Production"

Mankiw, Chapter 14, "Firms in Competitive Markets"

Aplia graded problem sets:

"Chapter 10- Problem Set," deadline- 11:00 PM, October 11 (Sunday)

"Chapter 11- Problem Set," deadline- 11:00 PM, October 11 (Sunday)

*Week 7 (October 13)*

*COLUMBUS DAY RECESS (NO CLASS)*

*Week 8 (October 20)*

Mankiw, Chapter 17, "Oligopoly"

Aplia graded problem sets:

"Chapter 13- Problem Set," deadline- 11:00 PM, October 25 (Sunday)

"Chapter 14- Problem Set," deadline- 11:00 PM, October 25 (Sunday)

*Week 9 (October 27)*

*MID-TERM EXAM (NOTE: some new material will be covered in class after the exam)*

Mankiw, Chapter 18, "The Markets for the Factors of Production"

Supplemental reading:

Freeman, Richard, "People Flows in Globalization," *Journal of Economic Perspectives*, 20, No. 2 (Spring 2006), 145-170.

*Week 10 (November 3)*

## *II. INTERNATIONAL TRADE*

Reinert, Chapter 1, "Windows on the World Economy"

Reinert, Chapter 2, "Absolute Advantage"

Mankiw, Chapter 9, "Application: International Trade" (pp. 177-184)

Reinert, Chapter 3, "Comparative Advantage"

Mankiw, Chapter 3, "Interdependence and the Gains from Trade"

*Week 11 (November 10)*

Reinert, Chapter 4, "Intra-Industry Trade"

Reinert, Chapter 5, "The Politics of Trade"

Aplia graded problem sets:

"Chapter 16- Problem Set," deadline- 11:00 PM, November 15 (Sunday)

"Chapter 18- Problem Set," deadline- 11:00 PM, November 15 (Sunday)

*Week 12 (November 17)*

Reinert, Chapter 6, "Trade Policy Analysis"

Mankiw, Chapter 9, "Application: International Trade" (pp. 184-195)

Aplia graded problem sets:

"Chapter 3- Problem Set," deadline- 11:00 PM, November 22 (Sunday)

*Week 13 (November 24)*

Reinert, Chapter 7, "The World Trade Organization"

Reinert, Chapter 8, "Regional Trade Agreements"

Supplemental reading:

Crowley, Meredith "An Introduction to the WTO and GATT," *Economic Perspectives*, Federal Reserve Bank of Chicago, 4Q, 2003, 42-57.

Aplia graded problem sets:

"Chapter 9- Problem Set," deadline- 11:00 PM, November 30 (Monday)

*Week 14 (December 1)*

Reinert, Chapter 9, "Foreign Market Entry and International Production"

Reinert, Chapter 10, "Foreign Direct Investment and Intra-Firm Trade"

Supplemental reading:

Bhadwati, Jagdish, Arvind Panagariya and T.N. Srinivasan, "The Muddles Over Outsourcing" *Journal of Economic Perspectives*, 18, No. 4 (Fall 2004), 93-114.

Blinder, Alan "Offshoring: The Next Industrial Revolution?" *Foreign Affairs*, Mar./Apr. 2006, 85, No. 2 p. 113.

Colander, David (2005), "The Long-Run Consequences of Trade and Outsourcing," *Challenge*, 48, no. 1, January/February 2005, pp. 94-103.

Krugman, Paul "Can America Stay on Top," *Journal of Economic Perspectives*, 14, No. 1 (Winter 2000), 169-175.

Levine, Linda (2007), "Offshoring (a.k.a. Offshore Outsourcing) and Job Insecurity Among U.S. Workers," CRS Report for Congress, RL32292

Greg Linden, Kenneth L. Kraemer, Jason Dedrick (2007), "Who Captures Value in a Global Innovation System? The case of Apple's iPod," Personal Computing Industry Center (PCIC)

Mankiw, N. Gregory and Phillip Swagel (2005), "The Politics and Economics of Offshore Outsourcing" mimeo

Markusen, James "The Boundaries of Multinational Enterprises and the Theory of International Trade," *Journal of Economic Perspectives*, 9, No. 2 (Spring 1995), 169-189.

Scheve, Kenneth F. and Matthew J. Slaughter, "A New Deal for Globalization," *Foreign Affairs*, July/August 2007.

Aplia graded problem sets:

"Reinert Chapters 4-8 Problem Set," deadline- 11:00 PM, December 6 (Sunday)

*Week 15 (December 8)*

Complete Course Material and Review of Semester

*Week 16 (December 15)*

*CUMULATIVE FINAL EXAM*

## **APLIA**

**\*\*DO NOT PURCHASE A TEXTBOOK AT THE BOOKSTORE UNTIL YOU READ THIS\*\***

Your access to the Mankiw textbook, along with problem sets, will be via [Aplia](#).

You will be using Aplia for this course. Aplia is an online product that contains both a digital version of the textbook and online homework. The Aplia site requires a separate registration process. Here are the steps:



## Student Registration and Payment Instructions

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**Course Name:** ITRN 504, Microeconomics and Trade, Fall 2009

**Start Date:** 09/01/2009

**Instructor:** Carl Pasurka

**Course Key:** U7FF-RCPD-C4TV

**You can begin working on your homework as soon as you register!**

- In this course, you will use a textbook and Aplia's website.
  - In most cases, you can save money if you buy Aplia and your textbook together. See payment options below.
  - You will have access to a digital version of your textbook using Aplia.
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## Registration

### If you have never used Aplia before...

1. Connect to <http://www.aplia.com>.
2. Click the New Student link and enter your Course Key: **U7FF-RCPD-C4TV**. Continue following the instructions to complete your registration.

### If you have used Aplia before...

1. Connect to <http://www.aplia.com>.
2. Sign in with your usual e-mail address and password and enter your Course Key when prompted: **U7FF-RCPD-C4TV**. If you are not prompted for a new Course Key, click the Enter Course Key button to enroll in a new Aplia course. Enter your Course Key when you are prompted.

*\* You will have different payment options after you register for your course. If you choose to pay later, you can use Aplia without paying until 11:59 PM on 09/21/2009.*

## Payment

### Option 1: Digital Textbook with Aplia Access

- **From Aplia:** Purchase access to your course from Aplia's website for \$80.00 USD.

### Option 2: Physical Textbook with Aplia Access (also includes digital textbook)

- **From Aplia:** Purchase access to your course for \$80.00 USD and a physical book for \$45.00 USD from Aplia's website.

*\* You will have access to your digital textbook up until the end of this course.*

**Student benefits of Aplia:** Cramming is an ineffective learning method. Aplia lets you learn by doing -- you can apply what you hear and see in the classroom and what you read in the text. Think of the regular assignments on Aplia as a weekly economics workout. Regular work in Aplia will better prepare you for lectures and exams.

**Disclaimer:** I receive no monetary benefit from requiring Aplia assignments.

## Some Policies for ITRN 504-003

Exams are not "open book" or "open notes."

There is no "extra work" that can be done for "extra credit."

Students are responsible for obtaining notes from other class members if they miss a class.

The GMU honor code will be enforced. To be more specific: If I can show that a student cheated on an exam, that student will fail the course.

**Statement on special needs of students** (aka: reasonable standard accommodation language), as follows:

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 993-2474. All academic accommodations must be arranged through the DRC.

### **Online Student Journal**

New Voices in Public Policy: I will consider nominating the very best papers in this course for publication in New Voices in Public Policy. New Voices is a student- and faculty-reviewed journal that shares SPP's finest student work with the rest of the world.

### **SPP Policy on Plagiarism**

The profession of scholarship and the intellectual life of a university as well as the field of public policy inquiry depend fundamentally on a foundation of trust. Thus any act of plagiarism strikes at the heart of the meaning of the university and the purpose of the School of Public Policy. It constitutes a serious breach of professional ethics and it is unacceptable.

Plagiarism is the use of another's words or ideas presented as one's own. It includes, among other things, the use of specific words, ideas, or frameworks that are the product of another's work. Honesty and thoroughness in citing sources is essential to professional accountability and personal responsibility. Appropriate citation is necessary so that arguments, evidence, and claims can be critically examined.

Plagiarism is wrong because of the injustice it does to the person whose ideas are stolen. But it is also wrong because it constitutes lying to one's professional colleagues. From a prudential perspective, it is shortsighted and self-defeating, and it can ruin a professional career.

The faculty of the School of Public Policy takes plagiarism seriously and has adopted a zero tolerance policy. Any plagiarized assignment will receive an automatic grade of "F." This may lead to failure for the course, resulting in dismissal from the University. This dismissal will be noted on the student's transcript. For foreign students who are on a university-sponsored visa (eg. F-1, J-1 or J-2), dismissal also results in the revocation of their visa.

To help enforce the SPP policy on plagiarism, all written work submitted in partial fulfillment of course or degree requirements must be available in electronic form so that it can be compared with electronic databases, as well as submitted to commercial services to which the School subscribes. Faculty may at any time submit student's work without prior permission from the student. Individual instructors may require that written work be submitted in electronic as well as printed form. The SPP policy on plagiarism is

supplementary to the George Mason University Honor Code; it is not intended to replace it or substitute for it. (<http://www.gmu.edu/facstaff/handbook/aD.html>)