

ITRN 504

Microeconomics and Trade for International Commerce

DRAFT SYLLABUS – 07/23/2008

Fall 2008, Wednesdays, 4:30-7:10 PM

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Office hours: Wednesday 3:30-4:15 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, Fourth 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 (August 27)

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 1 (Monday)

Week 2 (September 3)

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 8 (Monday)

"Chapter 2- Problem Set," deadline- 11:00 PM, September 8 (Monday)

"Chapter 4- Problem Set," deadline- 11:00 PM, September 8 (Monday)

Week 3 (September 10)

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

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

Aplia graded problem set:

"Chapter 5- Problem Set," deadline- 9:00 PM, September 16 (Tuesday)

"Chapter 6- Problem Set," deadline- 9:00 PM, September 16 (Tuesday)

Week 4 (September 17)

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

Mankiw, Chapter 10, "Externalities"

Aplia graded problem set:

"Chapter 7- Problem Set," deadline- 11:00 PM, September 22 (Monday)

"Chapter 8- Problem Set," deadline- 11:00 PM, September 22 (Monday)

Week 5 (September 24)

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

Mankiw, Chapter 13, "The Costs of Production"

Aplia graded problem sets:

"Chapter 10- Problem Set," deadline- 11:00 PM, September 29 (Monday)

"Chapter 11- Problem Set," deadline- 11:00 PM, September 29 (Monday)

Week 6 (October 1)

Mankiw, Chapter 14, "Firms in Competitive Markets"

Mankiw, Chapter 16, "Oligopoly"

Aplia graded problem sets:

"Chapter 13- Problem Set," deadline- 11:00 PM, October 6 (Monday)

"Chapter 14- Problem Set," deadline- 11:00 PM, October 6 (Monday)

Week 7 (October 8)

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.

Carbaugh, Robert J. (2007) "Is International Trade a Substitute for Migration?" *Global Economy Journal*: Vol. 7 : Iss. 3, Article 1. Available at:
<http://www.bepress.com/gej/vol7/iss3/1>

Aplia graded problem sets:

"Chapter 16- Problem Set," deadline- 9:00 PM, October 13 (Tuesday)

"Chapter 18- Problem Set," deadline- 9:00 PM, October 13 (Tuesday)

Week 8 (October 15)

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

Week 9 (October 22)

II. INTERNATIONAL TRADE

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

Reinert, Chapter 2, "Absolute Advantage"

Week 10 (October 29)

Reinert, Chapter 3, "Comparative Advantage"

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

Reinert, Chapter 4, "Intra-Industry Trade"

Aplia graded problem sets:

"Chapter 3- Problem Set," deadline- 11:00 PM, October 27 (Monday)

Week 11 (November 5)

Reinert, Chapter 5, "The Politics of Trade"

Mankiw, Chapter 9, "Application: International Trade"

Aplia graded problem sets:

"Reinert Chapters 2, 4, and 5- Problem Set," deadline- 11:00 PM, November 10 (Monday)

Week 12 (November 12)

Reinert, Chapter 6, "Trade Policy Analysis"

Reinert, Chapter 7, "The World Trade Organization"

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 17 (Monday)

Week 13 (November 19)

Reinert, Chapter 8, "Regional Trade Agreements"

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

Week 14 (November 26)

Thanksgiving Break, NO CLASS

Week 15 (December 3)

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.

Review of Semester

Week 16 (December 10)

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

Course Name: ITRN 504, Microeconomics and Trade, Fall 2008

Start Date: 08/26/2008

Professor: Carl Pasurka

Course Key: K4P7-259F-9666

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

- In this course, you will use a textbook and Aplia's website.
- You will have free access to the first four chapters of an online copy of your textbook at Aplia. You can access the remaining online chapters as soon as you submit a payment for your Aplia course.

Registration

Registration Instructions

1. Connect to <http://www.aplia.com>.
2. Click the **System Configuration Test** link below the **Sign In** and **Register** sections to make sure you can access all of the features on Aplia's website. This takes just a few seconds and tells you how to update your browser settings if necessary.
3. Return to <http://www.aplia.com>.
 - If you have never used Aplia before, click the **New Student** button and enter your Course Key: **K4P7-259F-9666**. Continue following the instructions to complete your registration.
 - If you have used Aplia before, sign in with your usual e-mail address and password and enter your Course Key when prompted: **K4P7-259F-9666**. 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.
4. If you understand your payment options, pay now. Otherwise, postpone your purchase decision by choosing the option to pay later. Your payment grace period ends at the end of the day on 09/14/2008.

Payment

Pay Aplia Directly

- Purchase access to your course directly from Aplia on our website for \$70.00 USD. The website includes:
 - Access to an online copy of your textbook.
 - Content that has been customized for your textbook and course.
- However, if you try using the online textbook and decide you would also like a physical textbook, you can order one from Aplia for \$50.00 USD plus \$7.50 for shipping and handling.

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 504-001

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.

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>)