



MANUEL H. JOHNSON CENTER FOR POLITICAL ECONOMY
SORRELL COLLEGE OF BUSINESS
TROY UNIVERSITY

ECO 4451

International Trade

Monday, Wednesday and Friday 11:00 – 11:50 AM, Fall 2015

Bibb Graves Hall, Room 129, Troy Campus

Professor: Dr. G.P.Manish Office: Bibb Graves Hall Room 137R

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Prerequisites

ECO 4451.

Description

Principles underlying international trade and international finance.

Objectives

On completion of the course, the student should be able to:

1. Explain why countries trade with each other
2. Enumerate and compare the various theories of International Trade.
3. Explain who wins and who loses from trade.
4. Describe the relation between International trade and the Growth process.
5. List and describe basic tariff and non-tariff barriers to trade.
6. Analyze tariff and quota policies using consumer, producer, government, and taxpayer surplus analysis.
7. Explain how a nation's balance of payments is determined.
8. Explain the determination of exchange rates in the long run, via the Purchasing Power Parity theory, and in the short run.
9. Explain fixed and floating exchange rate regimes, their implications for domestic policies and the possibility of crises.

Purpose

To present the micro- and macroeconomic aspects of international trade analysis and introduce the functions and policies of international institutions. The microeconomic aspects of international trade explain why countries facilitate or hamper trade. Macroeconomic aspects examine foreign-exchange markets. Meets the International Area requirement for the Business Administration core (all majors), with faculty advisor permission. BABA/BSBA General Business major specified elective (International Business concentration).

Office Hours

Monday and Wednesday: 8:50 – 10:50 am; Friday: 9:50 - 10:50 am

If the times above don't work we can schedule an appointment.

Grading

Component	Weight
Book Report	15%
Research Presentations	15%
Mid-Term	35%
Final Exam	35%

No early, make-up, or alternate exams will be provided.

Grading Scale

A	89.5-100
B	79.5-89.49
C	69.5-79.49
D	59.5-69.49
F	Less than or equal to 59.49

ABSENCE AND INCOMPLETE GRADE POLICY

Attendance is optional. *I do not take attendance; however, in order to participate and take the quizzes, you must be present and on time. There are no makeup quizzes.*

If circumstances will prevent the student from completing the course by the end of the term, the student should complete a request for an incomplete grade.

Requesting an Incomplete Grade

A grade of incomplete or "INC" is not automatically assigned to students, but rather must be requested by the student by submitting a *Petition for and Work to Remove an Incomplete Grade* Form. Requests for an incomplete grade must be made on or before the date of the final assignment or test of the term. The form will not be available after the last day of the term. A grade of "INC" does not replace an "F" and will not be awarded for excessive absences. An "INC" will only be awarded to student presenting a valid case for the inability to complete coursework by the conclusion of the term.

It is ultimately the instructor's decision to grant or deny a request for an incomplete grade, subject to the policy rules below.

Policy/Rules for granting an Incomplete (INC)

- An incomplete cannot be issued without a request from the student.
- To qualify for an incomplete, the student *must*:

- Have completed over 50% of the course material and have a documented reason for requesting the incomplete. (50% means all assignments/exams up to and including the mid-term point, test, and/or assignments.)
- Be passing the course at the time of their request.

If both of the above criteria are not met an incomplete cannot be granted.

An INC is not a substitute for an F. If a student has earned an “F” by not submitting all the work or by receiving an overall F average, then the F stands.

Procedure

This is a lecture based course. However, discussion is welcome and encouraged. From time to time, audio/video resources will be employed as well.

Academic Integrity

Troy University has a rigorous Standards of Conduct and Honor Code, which requires all members of the Troy University community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Standards of Conduct and Honors Code will result in me taking the appropriate punishment procedures. See <http://troy.troy.edu/judicialaffairs/standardsofconduct.pdf> for more information.

If you are caught cheating or plagiarizing on any assignment, you will be given an F for it. (If more than 25% of your submitted assignment is copied and pasted from the internet that will constitute plagiarism.)

Troy University Email Accounts

All students were required to obtain and use the TROY e-mail address that is automatically assigned to them as TROY students. All official correspondence (including bills, statements, e-mails from instructors and grades, etc.) will be sent ONLY to the troy.edu (@troy.edu) address. All students are responsible for ensuring that the correct e-mail address is listed in Blackboard by the beginning of Week #1. E-mail is the only way the instructor can, at least initially, communicate with you. It is your responsibility to make sure a valid e-mail address is provided. Failure on your part to do so can result in your missing important information that could affect your grade. Your troy.edu e-mail address is the same as your Web Express user ID following by @troy.edu. Students are responsible for the information that is sent to their TROY e-mail account. You can get to your e-mail account by logging onto the course and clicking “E-mail Login”.

You are able to forward your TROY e-mail to another e-mail account. You must first access your TROY e-mail account through the TROY e-mail link found on the Web site. After you log in to your TROY e-mail account, click on “options” on the left hand side of the page. Then click on “forwarding.” This will enable you to set up the e-mail address to which you will forward your e-mail.

Campus Disability Services

It is the policy of Troy University to provide accessible programs, services, activities, reasonable accommodations, and a harassment-free environment, for any student or employee with a documented disability as defined by Section 504 of the Rehabilitation Act of 1973, as amended, and by the Americans with Disabilities Act of 1990. To provide the best possible services to students, employees, and visitors, Troy University has designated the Disability Services Coordinator and the Director of Human Resources on each campus the responsible parties for coordinating accommodations for persons with disabilities. For more information about physical access to buildings or grounds, academic or workplace accommodations,

or other ADA related services individuals should contact the Disability Services Coordinator or Director of Human Resources on the specific campus. For information regarding services at Troy main campus, contact the Director of Adaptive Needs at (334) 670-3220; for services at Troy University/Montgomery, contact the Disability Services Coordinator at (334) 241-9587; and for services at the Troy University/Dothan campus, contact the Director of Counseling and Career Services at (334) 983-6556.

Policies and procedures for students with disabilities can be found here:

http://www.troy.edu/studentservices/oracle/2010-2011_Oracle.pdf

Enrollment

Students are responsible for verifying their enrollment in this class.

Schedule adjustments should be made by the deadlines published in the Schedule of Classes (Deadlines each semester are published in the Schedule of Classes available from the Registrar's Website www.registrar.gmu.edu)

Other Useful Campus Resources

Academic Catalog

http://www.troy.edu/catalogs/1112undergrad_pdf/index.html

Academic Regulations

http://www.troy.edu/catalogs/1011undergrad/5U_acad_regs.html#GradingSystem

Office of Student Development

<http://troy.troy.edu/studentdevelopment/index.html>

Personal Counseling Services

<http://troy.troy.edu/save/counseling.html>

Troy University Libraries

<http://library.troy.edu/>

Book Report

As part of the course all students will be required to submit a book report. The report should ideally be between 1300-1500 words and should reflect an understanding of the main arguments of the book concerned. **The report is due by midnight on Friday, December 4th, 2015.**

The following books are recommended for you to review (if you are interested in reviewing another book related to international trade or finance you could choose that instead after having it approved by me):

Bernstein, William J. *A Splendid Exchange: How Trade Shaped the World*

Irwin, Douglas A. *Free Trade Under Fire*

Powell, Benjamin. *Out of Poverty: Sweatshops in the Global Economy*

Boudreaux, Donald J. *Globalization*

Research Presentation

As part of the course all students are expected to make a research presentation on a topic related to the material covered in class. The presentation will be researched and presented in groups of 3-4. Further details will be provided in class.

Textbooks

Required

Reinert, Kenneth A. *An Introduction to International Economics: New Perspectives on the World Economy*

Roberts, Russell D. *The Choice: A Fable of Free Trade and Protection*

Course Outline

(This outline is tentative and is subject to change)

I. Absolute Advantage and the Gains from Trade

Readings:

Reinert, Ch. 2.

II. Comparative Advantage and the Gains from Trade

Readings:

Roberts, Russell D. *The Choice*, Chs. 1 – 6

Reinert, Ch. 3.

Ayau, M. *Not a Zero Sum Game*, p. 33 – 41, available online at:

http://library.mises.org/sites/default/files/Not%20a%20Zero-Sum%20Game%20The%20Paradox%20of%20Exchange_2.pdf

Callahan, G. *Economics for Real People*, Ch. 4, p. 59-65, available online at: _

http://library.mises.org/sites/default/files/Economics%20for%20Real%20People_3.pdf

III. Political Economy of Trade

Readings:

Roberts, Russell D. *The Choice*, Chs. 7 and 8.

Reinert, Chs. 5 and 6

IV. Developing Countries and Trade; Sweatshops and Globalization

Readings:

Roberts, Russell D. *The Choice*, Chs.13, 14.

Powell, B. *In Defense of Sweatshops*, available online at:

<http://www.econlib.org/library/Columns/y2008/Powellsweatshops.html>

Powell, B. and D. Skarbek. “Sweatshops and Third World Living Standards: Are the Jobs Worth the Sweat?” available online at: http://www.independent.org/pdf/working_papers/53_sweatshop.pdf

V. International Migration

Readings:

Reinert, Ch. 12

VI. The Basics of the Balance of Payments

Readings:

Reinert, Ch. 13

VII. The Purchasing Power Parity Theory of Exchange Rates

Readings:

Reinert, Ch. 14

X. Floating and Fixed Exchange Rates

Readings:

Reinert, Chs. 15 and 16

XI. Monetary Unions

Readings:

Reinert, Ch. 19