

**V31.0238 – SECTION 004**  
**INTERNATIONAL ECONOMICS: TRADE**  
**(AS OF JANUARY 17<sup>TH</sup>, 2005)**

**COURSE DESCRIPTION:**

In economics, the field of International Economics studies transactions between countries in terms of goods and services, financial flows and factor movements. As a convention, it is divided into two subjects: International Trade and International Finance. This course focuses exclusively on International Trade, which analyzes the *real* side of the international economy, i.e., those transactions that involve a tangible commitment of economic resources, including trade of goods, services and factors. Instead, International Finance analyzes the *monetary* side of the international economy, i.e., mostly financial transactions and exchange rates.

**CLASS MEETINGS:**

The classes are held Mondays and Wednesdays from 12:30 PM to 1:45 PM in the Silver building, room 806. The course starts January 18<sup>th</sup> and ends May 1<sup>st</sup>.

**RECITATIONS MEETINGS:**

Alfonso Irarrazabal is the teaching assistant assigned to this course. Recitations sections will be held once a week, starting on Tuesday, January 24<sup>th</sup>. You can attend any of the sections offered, regardless of which one you are registered in. During recitation, the teaching assistant will present some new material and problems similar to those in the problem sets. He will also answer questions in a smaller group setting. Attendance is not compulsory, but it is recommended, especially if you are having difficulty understanding the course material. The following is the schedule of recitations:

- Tuesdays from 3:30 PM to 4:45 PM in 194 Mercer St., room 306.
- Tuesdays from 4:55 PM to 6:20 PM in 194 Mercer St., room 203.

**GETTING HELP:**

I hold office hours Mondays and Wednesdays from 5:00 PM to 6:30 PM, in 110 Fifth Ave., room 516. No appointment is necessary. Please feel free to drop by my office to ask questions, to make suggestions, or even just to introduce yourself. In addition, I can answer questions right after class. You can also contact me by e-mail at [Martin.Paredes@nyu.edu](mailto:Martin.Paredes@nyu.edu).

In addition, my TA, Alfonso Irarrazabal, will hold office hours Tuesdays from 2:00 PM to 3:30 PM, in 110 Fifth Ave., room 451. You can reach him by e-mail at [aii208@nyu.edu](mailto:aii208@nyu.edu).

Additional assistance for this class is available to you free of charge at the College Learning Center located on the 1<sup>st</sup> Floor of Weinstein Hall (right behind Java City). For information on one-on-one and group peer tutoring, please stop by the CLC or go to their website: <http://www.nyu.edu/cas/clc>

## **COURSE WEBSITE**

This course will take full advantage of the “Blackboard” web service, available through your NYU Home account. *You are responsible to check Blackboard frequently* for postings and announcements. If you haven’t checked for several days, click the “View All” tab when looking at announcements, or else you will only see the most recent ones.

## **TEXTBOOKS:**

The main (required) textbook for the course is:

- Paul Krugman & Maurice Obstfeld, *International Economics*, Addison Wesley Longman, 7<sup>th</sup> Edition, 2006.

The book is available for purchase at the NYU Book Center (18 Washington Place). The Study Guide associated with the textbook is also available, but it is optional. If you purchased a new textbook, you will also obtain an access code to the MyEconLab website, where you can find additional material for the course (including quizzes and additional exercises).

Another book that you would need is:

- Philip King & Sharmila King, *International Economics and International Economics Policy: A Reader*, McGraw Hill, 4<sup>th</sup> Edition, 2004.

This is a collection of selected readings, especially for the topics on International Trade Policy. Usually I will assign you some chapters to read as part of your problem set. King’s reader is available as an e-book at <http://ebookstore.mhhe.com>. This e-book copy contains only the relevant chapters on International Trade. More information is provided in the

Finally, the following book is listed as optional:

- Russell Roberts, *The Choice: A Fable of Free Trade and Protectionism*, 1<sup>st</sup> Updated Edition, 2000.

This is an easy-to-read fable that discusses virtually every major issue in trade theory and policy. It is available at the NYU Book Center.

In addition, I may supplement some of my lectures with material from the following textbooks:

- Dennis Appleyard, Alfred Field & Steven Cobb, *International Economics*, Irwin McGraw-Hill, 5<sup>th</sup> Edition, 2005
- Charles van Marrewijk, *International Trade and the World Economy*, Oxford University Press, 1<sup>st</sup> Edition, 2002.
- James Markusen, James Melvin, William Kaempfer & Keith Maskus, *International Trade: Theory and Practice*, McGraw Hill, 1<sup>st</sup> Edition, 1995.

- Mia Mikic, *International Trade*, St. Martin Press, 1<sup>st</sup> Edition, 1998.
- Beth Yarbrough & Robert Yarbrough, *The World Economy: International Trade*, Thomson South-Western, 7<sup>th</sup> Edition, 2006.

None of these books are required (so you do not need to purchase them) but, since most of them are not available at [Bobst Library](#), I will make a photocopy of the relevant chapters as required, and placed them on reserve there.

### **COURSE REQUIREMENTS:**

Your *average score* in the course will be a weighted average of the following:

Problem Sets:	15%
Best Midterm Exam:	25%
Worst Midterm Exam:	20%
Final Exam:	40%

Your final letter grade will be determined solely from your average score, based on the Department of Economics' grading practice, as follows:

<u>Grade:</u>	<u>Average score required for each grade:</u>
A, A-	in the top 30% of the class
B+, B, B-	in the top 70% of the class
C+, C, C-	in the top 90% of the class OR 60.0 or greater (either is sufficient)
D+, D	in the top 97% of the class OR 50.0 or greater (either is sufficient)
F	in the bottom 3% of the class AND below 50.0 (both must apply)

I know that grades are important to students, and be assured that I will do everything I can to treat everyone fairly. But your course grade is based solely on the average score, computed from problem sets and exams; no extra credit or additional work is offered, and grades cannot be negotiated. All your grades will be posted on Blackboard.

### **EXAMS:**

There will be two midterm exams and a final. Both midterms will be held during class time. The final exam will be held on Wednesday, May 3<sup>rd</sup>, from 12:00PM to 1:50PM. There will be no make-up exams, that is, nobody will be allowed to take an exam earlier or later. Students who miss an exam will receive a grade of zero in that exam, *unless* they have documented medical reasons. The final exam is comprehensive.

### **PROBLEM SETS**

I will assign eight (8) problem sets during the semester. They will be posted on Blackboard for downloading and printing, and your completed answers will be usually collected one week later during lecture, usually Wednesdays. The specific date will be written on the respective problem set. If you know in advance that you will miss lecture, make prior arrangements with another student to turn in any problem set that is due. Also, do *not* leave problem sets in my mailbox or your grader's mailbox, and do *not* email them. No late problem sets will be accepted.

I have also adopted the following policy: the problem set with the lowest grade will automatically be dropped from consideration. In other words, only the best seven (7) will count for your grade. However, you should regard this policy as insurance, and for unpredictable emergencies. Please plan on turning in all of the problem sets. If you turn them all in, you're protected if you can't do one because of illness, or in the extremely unlikely event that one doesn't get recorded. Once you use up your "lifeline", you are not protected against loss of problem sets or genuine illness.

In addition, you will NOT get back your completed problem sets. So, please make a photocopy of your answers, hand in your original with multiple pages stapled, and keep the photocopy for yourself. When the answer sheet becomes available (generally a day or so after the problem sets are due), use your photocopy to see how you did. If you forget to make a photocopy, you can pick up your problem set at your TA's office hours, but you will have to sort through the pile and find it, and then return it after you made your photocopy.

**INCOMPLETES:**

The Department of Economics does not grant incompletes except in cases of genuine emergencies, which must be documented and approved by the department's Director of Undergraduate Studies. The appeal and documentation must be provided *before* the final exam. Do not assume that you can miss the final exam and make it up later.

## COURSE OUTLINE

### I. International Trade Theory, part I

1. Introduction.
2. The One-Factor Ricardian Model.
3. The Specific-Factors Model.
4. The Hecksher-Ohlin Model.

Krugman & Obstfeld, chapters 1, 2, 3, 4.

### II. International Trade Theory, part II

5. A standard model of trade
6. New Trade Theories: Imperfect Competition and Economies of Scale.
7. Factor Mobility: Immigration, Trade and Growth.

Krugman & Obstfeld, chapters 5, 6, 7.

### III. International Trade Policy

8. Instruments of Trade Policy
9. Political Economy of Trade Policy
10. Trade and Development
11. Controversies in Trade Policy

Krugman & Obstfeld, chapters 8, 9, 10, 11.

## IMPORTANT DATES TO REMEMBER

Wednesday	January 18 <sup>th</sup>	First lecture
Wednesday	February 22 <sup>nd</sup>	First Midterm Exam
Wednesday	April 5 <sup>th</sup>	Second Midterm Exam
Monday	May 1 <sup>st</sup>	Last lecture
Wednesday	May 3 <sup>rd</sup>	Final Exam

New York University  
International Economics  
V31.0238  
Professor Martin Paredes

Philip King & Sharmila King  
International Economics and International Economics Policy: A Reader  
McGraw Hill, 4th Edition, 2004

THE BOOK FOR THIS CLASS IS AVAILABLE  
BOTH IN THE BOOKSTORE  
AS WELL AS ONLINE AS AN E-BOOK

THE E-BOOK PRICE IS: \$15.16

- You have the choice of downloading this to your personal computer, or getting a password to view it online.
- Some features of the E-books are that it allows you to print out select pages, highlight, and take notes.

How to purchase or find out more information:

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- Select the Course: International Economics – King Reader (You will see this is the text for Martin Paredes)
- Follow the purchasing information

If you have any questions regarding purchasing or viewing the e-book,  
call McGraw-Hill/PRIMIS at  
800-962-9342



## Step-by-Step Log In Instructions

1. Go to <http://students.pearsoned.com>
2. Click **Log in**.
3. Enter the login name and password that you created during registration
4. At the **Welcome** page, you will see your course under the heading **Courses you are taking**. Click the course name to enter.
5. Check all systems requirements and browser plug-ins to make sure you have everything you need to run MyEconLab. Enter your course, click **Course Information** and open the Installation Wizard.
6. Use the left side Navigation buttons to see the different areas of the course:
  - Click on Chapter Resources to get to the content by chapter (*Economics in Action* is a great feature that can help you with graphing. You'll also find an eText, eStudy Guide, and other great features.)
  - Click on Tools/Check Grade to see your quiz grades.

## Important Contact Information

For technical support, contact **Addison-Wesley Technical Support**:

URL: <http://www.aw-bc.com/techsupport/> and click (best method)  
email: [online.support@pearsoned.com](mailto:online.support@pearsoned.com)  
tel: 1-800-677-6337 (8 am - 5 pm CST Monday-Friday)  
fax: 1-847-486-3698

As a user of MyEconLab, you have access to live tutors at the **Economics Tutor Center**, Sunday through Thursday, 5 pm to 12 Midnight, Eastern Standard Time:

email: [tutor@aw.com](mailto:tutor@aw.com)  
tel: 1-888-777-0463  
fax: 1-877-262-9774  
<http://www.aw-bc.com/tutorcenter>

This information is also found inside MyEconLab when you log in. You'll need your access code or Course ID to identify yourself to the Economics Tutor Center. You'll receive explanations of concepts in the textbook and detailed solutions to problems with answers indicated in the textbook.

## About MyEconLab

**MyEconLab** is an online learning system designed to help you increase your performance in the course. Built within the **MyEconLab** are interactive tutorials, graphing tools, research databases, learning activities, quizzes, and other resources for each chapter of the text. You can test yourself on what you've learned and access additional resources if you need more practice. Much more than a website, MyEconLab will help you improve your grades when you use it regularly.

**KEEP THIS SHEET AND REFER TO IT FOR THE DURATION OF YOUR COURSE.**