ECONOMICS 3421 (SPRING 2010)
INTERNATIONAL TRADE
PROFESSOR XENIA MATSCHKE

DESCRIPTION
Economics 3421 is about why countries trade with each other. We will focus on two major theories: the Ricardian model, which stresses productivity differences as cause of international trade, and the Heckscher-Ohlin model, which cites differences in factor endowments; we will also briefly discuss some newer trade theories. In addition, we will investigate whether gains from international trade are universal or whether production factors, industries, or the environment can actually lose from trade. After studying different explanations of why countries trade, we will examine the policy instruments that governments can use to limit trade and the reasons behind trade barriers. We will also talk about multilateral agreements (GATT-WTO, NAFTA, etc.) to reduce or eliminate trade barriers. We will conclude the course by discussing factor mobility issues such as foreign direct investment and immigration that are ignored in the standard versions of the Ricardian and Heckscher-Ohlin trade models.

PREREQUISITES
Econ 2201 (Intermediate Micro). Working knowledge of high school algebra as well as basic calculus is required.

TOPICS
The required text is “International Economics: Theory and Policy” (8th ed.) by Paul Krugman and Maurice Obstfeld. We will only need the Krugman (trade) part of the book, and a customized version of just the Krugman text is available at the UConn Coop bookstore for a very good price. You will also need to purchase Aplia access to be able to do the online homeworks, registration instructions are attached.

I plan to cover the following topics without following the book very closely. The text is not a substitute for the lectures, so please make sure that you do not miss class.
1. Introduction (Ch. 1+2)
2. Differences in Factor Productivity and the Ricardian Model (Ch. 3)
3. Differences in Factor Endowments and the Heckscher-Ohlin Model (Ch. 4 and 5)
4. Empirical Tests of Trade Models and Economies of Scale (Ch. 6)
5. Trade and the Environment
6. Trade Barriers (Ch. 8)
7. Political Economy of Trade Policy and Trade Liberalization (Ch. 9, 10, and 11)
2

8. Growth, Immigration, and Multinationals (Ch. 7)

**Grading Policy**

Grades will be based on Aplia homework assignments (20%), two midterms (15% each), and a cumulative final exam (40%). An additional weight of 10% will be assigned to a student’s best-of-three (2 midterms, final) result.

**Exam Information**

The midterm scheduling information will be announced in class, I am also going to send an email announcement. The final exam will take place on the date given by the Registrar’s Office. Taking the final is necessary in order to pass the course. Please make sure that you do not miss the final; I will deny all requests for a makeup unless the circumstances happen to be really extraordinary.

**Class Information**

Our course web page is located at

http://web2.uconn.edu/matschke/teaching/3421.htm

We also have an Aplia homepage for the class. The Aplia registration information is attached.

**Contact Information**

Office: Monteith # 340
Office hours: M 12-2 or by appointment
Phone: (860) 486-8958
E-Mail: Xenia.Matschke@uconn.edu
Student Registration and Payment Instructions

Course Name: Econ3421: Undergraduate International Trade  
Start Date: 01/18/2010  
Instructor: Xenia Matschke  
Course Key: 29QX-7DCF-BK3K

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

- In this course, you will use a textbook and Aplia’s website.

Registration

If you have never used Aplia before...

2. Click the Create a New Account link and choose Student Account. You will then enter your course key: 29QX-7DCF-BK3K. Continue following the instructions to complete your registration.

If you have used Aplia before...

2. Sign in with your usual e-mail address and password and enter your Course Key when prompted: 29QX-7DCF-BK3K. If you are not prompted for a new Course Key, click the Enroll in a New Course button at the top of your My Courses page 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 02/07/2010.

Payment

Option 1: Aplia Access

- From Aplia: Purchase access to your course from Aplia’s website for $35.00 USD.  
- From Bookstore: You may be able to purchase an Aplia Access Card from your campus bookstore.

Option 2: Physical Textbook with Aplia Access

- From Aplia: Purchase access to your course from Aplia’s website for $35.00 USD.  
- From Bookstore: You may be able to purchase an Aplia Access Card and a physical book together as a bundle from your campus bookstore.

* If you purchased an Aplia Access Card from a bookstore, enter the Access Card’s payment code on Aplia’s website as payment for your Aplia course.