

Draft Syllabus

MICROECONOMICS AND TRADE FOR INTERNATIONAL COMMERCE

Fall 2003

Class Schedule and Location:

002	02649	R	4:30 - 7:10	ARL 251	Li-Gang Liu
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Instructor: Li-Gang Liu, Assistant Professor
Office and Contact Information (TBA)

Office Hours: 3:30-4:30pm and 7:30-8:30pm on Thursday. I can be reached either by phone or email if you cannot make it to the regular office hours.

Course Description: The course provides an introduction to key concepts of microeconomics and international trade. A set of basic analytical tools and their applications in microeconomic analysis and international trade will be offered so that students can apply them with ease for policy analysis. The first part of the class is thus concerned with learning the basic microeconomic concepts and theories in supply and demand, consumption and production, market failure, and government intervention and regulation. The second part of the class applies these microeconomic tools learned in international trade and policy analysis. Topics on gains from and patterns of trade, trade impact on income distribution, international factor mobility, and trade policies will be introduced in the form of case studies.

Course Texts and Reading Materials: 1) *Principles of Microeconomics* by Joseph E. Stiglitz and Carl Walsh (SW), WW Norton (2002). 2) *International Economics: Theory and Policy*, 6th Edition, Addison Wesley (2003) by Paul R. Krugman and Maurice Obstfeld (KO). 3) Optional textbook: *Windows on the World Economy: An Introduction to International Economics*, South-Western Thomson, (2005) by Kenneth A. Reinert (<http://mason.gmu.edu/~kreinert>). 4) Other required reading materials will be assigned during the course of the semester.

Instruction Methods: Instructions will be based on developing standard analytical tools and on applying them to analyze contemporary international economic issues using case study materials. Class participation is strongly encouraged.

Examination: There will be one mid-term and one final examination in addition to 4 take-home problem sets.

Grading: Grades will be based on class participation (10%), problem sets (20%), a mid-term exam (30%), and a final exam (40%).

Brief Outline of the Course*

- Week 1: Introduction to Microeconomics and International Trade (SW 1-3)
- Week 2: Supply, Demand, Prices, and Elasticity (SW 4-5)
- Week 3: Consumption and Consumer Preferences (SW8-9)
- Week 4: Introduction to Theory of Firm (SW11-12)
- Week 5: Efficiency of Competitive Markets (SW-13)
- Week 6: Market Failure and the Role of Government (SW6, 7, 14)
- Week 7: Monopolistic Competition and Regulation (SW15-16)
- Week 8: **Mid-term Exam (1.5 hrs)** and Introduction to International Trade: Gains from Trade (KO 1-2)
- Week 9: Patterns of Trade (KO 3-6)
- Week 10: International Factor Mobility (KO, 7)
- Week 11: International Trade Policy (KO, 8-9)
- Week 12: Trade Policies in Developing and Developed Countries (10-11)
- Week 13: Review Class
- Week 14: **Final Examination**

* A detailed reading list will be distributed in class.