

# ITRN 504, Section 001

## Microeconomics and Trade Policy

**DRAFT SYLLABUS – 04/30/2020**

Fall 2020, Wednesday, 7:20-10:00 PM  
Room: Van Metre Hall (formerly Founders Hall) **XXX**

Instructor: Carl Pasurka  
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Office: Founders Hall, Room 656  
Office hours: Tuesday 6:00-7:00 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. It provides a foundation in microeconomics, including supply and demand analysis, elasticities, the theory of the firm, allocative efficiency and market failure. The course covers applications of this microeconomic foundation to international trade theory, trade policy analysis, preferential trade agreements, and international production. Emphasis is on graphical and algebraic analysis.

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 oligopoly. 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.

### Learning Outcomes:

Course	Knowledge and Understanding	Analytic Skills and Abilities	Professional Development
<i>ITRN 504: Microeconomics and Trade</i>	Students will understand the basic concepts and terms of microeconomics as they apply to policy analysis.	Students will be able to use the supply and demand model for policy analysis, including trade policy	Students will be conversant with the basic terms of economic trade policy analysis as used in the

	Students will understand the causes of international trade and the political economy of trade.	analysis, and to calculate elasticities.	profession.
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### Required Books

Mankiw, H.G., *Principles of Microeconomics*, South-Western Thomson, Seventh Edition. To be accessed via [Aplia](#) (see below). **\*\*DO NOT PURCHASE TEXTBOOK UNTIL YOU READ THE APLIA SECTION\*\***

Reinert, K.A., *An Introduction to International Economics: New Perspectives on the World Economy*, Cambridge University Press, 2011 (ISBN 1107003571).

### 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

#### *Grading Scale:*

A 92-100

A- 85-91

B+ 80-84

B 75-79

B- 70-74

C 60-69

F 0-59

### Course Outline and Readings

#### *I. PRINCIPLES OF MICROECONOMICS*

##### *Week 1 (August 26)*

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, August 31 (Monday)

*Week 2 (September 02)*

Mankiw, Chapter 4, "The Market Forces of Supply and Demand"

Mankiw, Chapter 5, “Elasticity and Its Application”

Aplia graded problem sets:

“Chapter 2 - Problem Set,” deadline- 11:00 PM, September 07 (Monday)

*Week 3 (September 09)*

Mankiw, Chapter 6, “Supply, Demand, and Government Policies”

Mankiw, Chapter 7, “Consumers, Producers, and the Efficiency of Markets”

Aplia graded problem set:

“Math and Graphing Assessment with Tutorials,” deadline- 11:00 PM, September 14 (Monday)

“Chapter 4 - Problem Set,” deadline- 11:00 PM, September 14 (Monday)

*Week 4 (September 16)*

Mankiw, Chapter 8, “Application: The Costs of Taxation”

Aplia graded problem set:

“Chapter 5 - Problem Set,” deadline- 11:00 PM, September 21 (Monday)

*Week 5 (September 23)*

Mankiw, Chapter 10, "Externalities"

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

Aplia graded problem sets:

“Chapter 6 - Problem Set,” deadline- 11:00 PM, September 28 (Monday)

“Chapter 7 - Problem Set,” deadline- 11:00 PM, September 28 (Monday)

*Week 6 (September 30)*

Mankiw, Chapter 13, “The Costs of Production”

Aplia graded problem sets:

“Chapter 8 - Problem Set,” deadline- 11:00 PM, October 05 (Monday)

“Chapter 10 - Problem Set,” deadline- 11:00 PM, October 05 (Monday)

*Week 7 (October 07)*

Mankiw, Chapter 14, “Firms in Competitive Markets”

Aplia graded problem sets:

“Chapter 11 - Problem Set,” deadline- 11:00 PM, October 12 (Monday)

“Chapter 13 - Problem Set,” deadline- 11:00 PM, October 12 (Monday)

*Week 8 (October 14)*

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

Mankiw, Chapter 17, “Oligopoly”

*Week 9 (October 21)*

## *II. INTERNATIONAL TRADE*

Mankiw, Chapter 18, “The Markets for the Factors of Production”

Reinert, Chapter 12, “Migration”

Supplemental reading:

Card, David, “Richard T. Ely Lecture: Immigration and Inequality,” *American Economic Review*, 99, No. 2 (May 2009), 1-21.

Freeman, Richard, “People Flows in Globalization,” *Journal of Economic Perspectives*, 20, No. 2 (Spring 2006), 145-170.

Levine, Linda (2010), “Immigration: The Effects on Low-Skilled and High-Skilled Native-Born Workers,” CRS Report for Congress, 95-408.

*Week 10 (October 28)*

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

Reinert, Chapter 2, "Absolute Advantage"

Mankiw, Chapter 9, "Application: International Trade" (pp. 177-184)

Reinert, Chapter 3, "Comparative Advantage"

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

Aplia graded problem sets:

"Chapter 14 - Problem Set," deadline- 11:00 PM, October 26 (Monday)

"Chapter 17 - Problem Set," deadline- 11:00 PM, October 26 (Monday)

*Week 11 (November 04)*

Reinert, Chapter 4, "Intra-Industry Trade"

Reinert, Chapter 5, "The Politics of Trade"

Aplia graded problem sets:

"Chapter 18 - Problem Set," deadline- 11:00 PM, November 02 (Monday)

*Week 12 (November 11)*

Reinert, Chapter 6, "Trade Policy Analysis"

Mankiw, Chapter 9, "Application: International Trade" (pp. 184-195)

Aplia graded problem sets:

"Chapter 3 - Problem Set," deadline- 11:00 PM, November 09 (Monday)

*Week 13 (November 18)*

Reinert, Chapter 7, "The World Trade Organization"

Reinert, Chapter 8, "Regional Trade Agreements"

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 16 (Monday)

Week 14 (November 25)

THANKSGIVING DAY (NO CLASS)

Week 15 (December 02)

Reinert, Chapter 9, “Foreign Market Entry and International Production”

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.

Platzer, Michaela D. (2014), “U.S. Textile Manufacturing and the Trans-Pacific Partnership Negotiations,” CRS Report for Congress, RL42772.

Scheve, Kenneth F. and Matthew J. Slaughter, “A New Deal for Globalization,” *Foreign Affairs*, July/August 2007.

Week 16 (December 09)

## 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:

### How to access your Aplia course

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**Instructor:** Carl Pasurka  
**Start Date:** XX/XX/2020

### What is Aplia?

In the last 15 years, more than two billion answers have been submitted through Aplia, the premier online assignment solution. Millions of students use Aplia to better prepare for class and for their exams. Join them today!

### Registration

1. Connect to <http://login.cengagebrain.com/>.
2. Follow the prompts to register for your Aplia course.

### Payment

After registering for your course, you will need to pay for access using one of the options below:

**Online:** You can pay online using a credit or debit card, or PayPal.

**Bookstore:** You may be able to purchase access to Aplia at your bookstore. Check with the bookstore to find out what they offer for your course.

**Temporary Access:** If you are unable to pay at the start of the semester your course enrollment includes a free trial period of up to two weeks. After the temporary access period ends you will be required to pay for access.

Please note: At the end of the temporary access period, your course access will be suspended until your payment has been made. All your scores and course activity will be saved and will be available to you after you pay for access.

If you already entered an access code or bought Aplia in your bookstore or online, simply login through the provided link to register for the course.

### System Check

To check whether your computer meets the requirements for using Aplia, go to <https://www.aplia.com/support/sysreq.jsp>.

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**Disclaimer:** I receive no monetary benefit from requiring Aplia assignments.

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### 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.

**Statement on special needs of students** (aka: reasonable standard accommodation language), as follows:

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 993-2474. All academic accommodations must be arranged through the DRC.

### **Online Student Journal**

New Voices in Public Policy: I will consider nominating the very best papers in this course for publication in New Voices in Public Policy. New Voices is a student- and faculty-reviewed journal that shares SPP's finest student work with the rest of the world.

### **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>)