ITRN 504: Microeconomics and Trade Policy

Revised: November 28, 2017

Kenneth A. Reinert

Phone: 703-993-8212
Email: kreinert@gmu.edu
Office: Founders Hall, Room 627
Office hours: Wednesdays 6-7 PM and by appointment
Home page: reinert.gmu.edu

Study Guide

Course Description

This course provides an introduction to microeconomics and international trade for the ICP student. In the first part of the course, our main objective is to understand the basic principles of the market system underlying local, national, and international economies. Here we will assess both the desirable properties and the limitations of the market system, as well as the potential roles of government. In the second part of the course, our main objective is to understand the forces behind international trade. Here we will assess the main causes of international trade, their effects, the analysis of trade policies, and the institutions of international trade.

Learning Outcomes

Knowledge and Understanding

Students will understand the basic concepts and terms of microeconomics as they apply to policy analysis.
Students will understand the causes of international trade and the political economy of trade.

Analytical Skills and Abilities

Students will be able to use the supply and demand model for policy analysis, including trade policy analysis, and to calculate elasticities.
**Professional Development**

Students will be conversant with the basic terms of economic trade policy analysis as used in the profession.

**Required Books**


**Aplia**

Your access to the Krugman and Wells textbook, along with problem sets, will be via Aplia. The instructions for registering are as follows: Connect to http://login.cengagebrain.com/course/___________ (TBA). The course key is ____________. Follow the prompts to register for your Aplia course. 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. Free Trial: You can access Aplia for two weeks during a free trial period. After the free trial ends you will be required to pay for access. Please note: At the end of the free trial 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 registered an access code or bought Aplia online, the course key to register for this course is: ____________.

**Course Requirements and Grading**

Midterm exam- 30 percent  
Cumulative final exam- 30 percent  
Problem sets- 25 percent  
Class participation- 15 percent

**Course Outline and Readings**

*Week 1 (January 24): Introduction to Class*  

*PowerPoint Presentation*
Reinert, Chapter 1, “Windows on the World Economy.”

Recommended: Update to Reinert, Chapter 1, “Introduction.”


Aplia graded problem set:

“Introduction to Using Aplia Problem Sets,” deadline- January 29, 11:45 PM.

**Week 2 (January 31): Tools of Analysis**

Krugman and Wells, Chapter 1, “First Principles.”


Aplia graded problem sets:

“Chapter 1- First Principles,” deadline- February 5, 11:45 PM

“Chapter 2- Economic Models,” deadline- February 5, 11:45 PM

**Week 3 (February 7): The Supply and Demand Model**

Krugman and Wells, Chapter 3, “Supply and Demand.”

Krugman and Wells, Chapter 5, “Price Controls and Quotas.”


Supply and Demand Handout

Aplia graded problem sets:

“Chapter 3- Supply and Demand,” deadline- February 12, 11:45 PM

“Chapter 5- Price Controls and Quotas,” deadline- February 12, 11:45 PM


**Week 4 (February 14): Elasticities**

Krugman and Wells, Chapter 6, “Elasticity.”
Elasticities Handout

Aplia graded problem set:

“Chapter 6- Elasticity,” deadline- February 19, 11:45 PM

Week 5 (February 21): Allocative Efficiency and Taxes

Krugman and Wells, Chapter 4, “Consumer and Producer Surplus.”

Krugman and Wells, Chapter 7, “Taxes.”


Recommended: Lindblom, Chapter 12, “Too Little, Too Late.”

Aplia graded problem sets:

“Chapter 4- Consumer and Producer Surplus,” deadline- February 26, 11:45 PM

“Chapter 7- Taxes,” deadline- February 26, 11:45 PM

Week 6 (February 28): The Theory of the Firm

Krugman and Wells, Chapter 9, “Making Decisions.”

Krugman and Wells, Chapter 11, “Behind the Supply Curve.”


Aplia graded problem sets:

“Chapter 9- Decision Making,” deadline- March 5, 11:45 PM

“Chapter 11- Behind the Supply Curve,” deadline- March 5, 11:45 PM

Week 7 (March 7): The Theory of the Firm Continued

Krugman and Wells, Chapter 12, “Perfect Competition and the Supply Curve.”


Aplia graded problem set:

“Chapter 12- Perfect Competition and the Supply Curve,” deadline- March 12, 11:45 PM

Week 8 (March 14): No Class, Spring Break

Week 9 (March 21): Midterm Examination

See study guide link at top of page.

Week 10 (March 28): No Class


Krugman and Wells, Chapter 13, “Monopoly.”

Krugman and Wells, Chapter 17, “Externalities.”

Krugman and Wells, Chapter 18, “Public Goods and Common Resources.”

Recommended: Lindblom, Chapter 5, “Enterprise and Corporation.”


Aplia graded problem sets:

“A Chapter 14- Monopoly,” deadline- April 2, 11:45 PM

“A Chapter 17- Externalities,” deadline- April 2, 11:45 PM

“A Chapter 18- Public Goods and Common Resources,” deadline- April 2, 11:45 PM

Week 12 (April 11): International Trade

Reinert, Chapter 2, “Absolute Advantage.”

Reinert, Chapter 3, “Comparative Advantage.”

Reinert, Chapter 4, “Intra-Industry Trade.”
Recommended: Update to Reinert, Chapter 4, “Intra-Industry Trade.”

Week 13 (April 18): Political Economy of Trade and Trade Policy

Reinert, Chapter 5, “The Political Economy of Trade.”

Reinert, Chapter 6, “Trade Policy Analysis.”

Recommended: Update to Reinert, Chapter 6, “Trade Policy Analysis.”


Week 14 (April 25): The WTO and Preferential Trade Agreements

Reinert, Chapter 7, “The World Trade Organization.”

Reinert, Chapter 8, “Preferential Trade Agreements.”


Week 15 (May 2): International Production / Review of Semester

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

Reinert, Chapter 10, “Foreign Direct Investment and Intra-Firm Trade.”

Reinert, Chapter 11, “Managing International Production.”

Week 16 (May 9): Cumulative Final Exam

See study guide link at top of page.

Other Useful Books


**Some Policies**

No texting in class.

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.

It is my *personal* policy not to discriminate among students based on race, ethnicity, religious faith, national origin, gender, sexual orientation, or physical ability (see below).

**Academic Accommodation for a Disability**
If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through the DRC.