

Syllabus

MICROECONOMICS AND TRADE FOR INTERNATIONAL COMMERCE

Spring 2004

Class Schedule and Location:

001	02631	T	7:20-10	ARL 246	Li-Gang Liu
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Instructor: Li-Gang Liu, Assistant Professor

Office and Contact Information: Room 254 ARL, Telephone: 703.993.8380, Email: lliu@gmu.edu

Office Hours: 5:00-7:00pm on Tuesday. I can be reached either by phone or email if you cannot make it to the regular office hours to schedule an appointment.

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.

I will also try to arrange outside experts to give special lectures on specific topics.

Examination: There will be one mid-term and one final examination in addition to 4 take-home problem sets. Please make an effort to attend review and problem set sessions.

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 (SW5-6)

Problem Set 1 to be distributed

Week 4: Introduction to Theory of Firm (SW7-8)

Week 5: Labor and Capital Markets & Efficiency of Competitive Markets (SW9-10)

Problem Set 2 to be distributed

Week 6: Imperfect Market, Monopolistic Competition, and Regulations (SW11-12-13)

Week 7: Imperfect Information and the Role of Government (SW14-15-16)

Problem Set 3 to be distributed

Week 8: Review Session and Introduction to International Trade: Gains from Trade (KO 1-2)

Week 9: Mid-Term Exam (1.5 hrs) and Patterns of Trade (KO 3-6)

Week 10: International Factor Mobility (KO, 7)

Week 11: International Trade Policy (KO, 8-9)

Problem Set 4 to be distributed

Week 12: Trade Policies in Developing Countries (KO, 10)

Week 13: Trade Policies in Developed Countries (KO, 11) and Review

Week 14: Review Session

Week 15: **Final Examination**

* A detailed reading list will be distributed in class.