

SYLLABUS: ECON443

Trade and Trade Policy in the New Global Economy

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Course Description: This course aims to expand students' understanding of the current issues of international economics and how the growing integration of national economies has changed the way the world works. We will build upon theoretical models of microeconomics (and macroeconomics) to analyze some of the most important issues of the international economic environment of the past fifty years, with particular emphasis on the role of U.S. trade policy and of U.S. relations with its trade partners.

Course Outcomes: (1) Students will understand current international economic issues including customs unions, free trade areas, the role of the WTO, and integration of economic policies across borders; and (2) develop and apply the economic tools necessary to respond critically to the wealth of information and opinions they are exposed to in the media regarding various aspects of international trade.

Course meets: MWF 1 to 1:50 PM in Tydings 0101

Office Hours: Wednesday 2 to 3pm 3147C Tydings Hall, or by appointment.

Prerequisites: Students are expected to have completed both ECON325 and ECON326 with a C- or better.

Required Text: *International Economics: Theory and Policy* (9th edition) by Krugman, Obstfeld and Melitz OR *International Trade: Theory and Policy* (10th edition) by Krugman, Obstfeld and Melitz.

Readings: Occasionally extra readings will be posted through Canvas.

Course Website: If you are registered for this course, you should use your directory ID and password to access www.elms.umd.edu. Copies of this syllabus, your grades, and other relevant documents will be made available through the course website.

Communication: Email is the best way of communicating with me. Please include **ECON443** in the subject of your email. I will do my best to respond within 36 hours.

Inclement Weather / University Closings: In the event that the University is closed unexpectedly, I will attempt to communicate via Canvas to students regarding schedule adjustments, including rescheduling of exams and assignments due to inclement weather and campus emergencies. Official closures and delays are announced on the campus website (<http://www.umd.edu>) and snow phone line (301-405-SNOW), as well as local radio and TV stations.

Exams: There will be two midterms and a final exam. Midterm dates are subject to change!

Tentative schedule: Midterm 1: March 4th (regular class time)
 Midterm 2: April 18th (regular class time)
 Final: Friday May 13th, 1:30 – 3:30 pm

Make-up policy: Students are required to take both midterms and the final since these assessments are “major scheduled grading events”. Absences from exams must be fully documented and university authorized. Make-up exams will be granted **only** to those students whose excuse complies with University policy. If you believe you need a make-up, please inform me *as far in advance as possible and at a minimum the day of the exam*.

Research project: Each student will complete a research project on the Trans Pacific Partnership. Instructions for the project will be announced via Canvas on Feb 15th. The research report contributes 20% of your grade.

The first part of the assignment will be due March 11th. The second part will be due April 15th and the final part by April 25th.

Each student will also provide feedback on at least 5 reports. Each completed research feedback will be worth 1% of your grade for a total of 5%.

Optional presentation: Students who are interested in presenting their research project to the class in lieu of taking the final exam should indicate that interest when they submit the second part of their report. If the number of students interested in this opportunity is too large for the time allotted to student presentations, then it will be limited to those whose projects are of the highest quality.

Presentations will take place during the week of May 2nd.

Do you want to be a trade economist? : Each student will research an organization that employs trade economists and will write either a cover letter applying for a job or a personal letter outlining why he/she wouldn't want to work there. This letter contributes 8% of your grade and is due May 6th. Instructions for this assignment will be posted via Canvas by Feb. 15th.

Homework: Three homework problem sets will be given out in the first half of the course. Problem sets will be graded as "well done", "satisfactory" or "unsatisfactory". Homework that is not handed in, is handed in late, or shows blatant lack of effort, will be deemed unsatisfactory, and receive a zero.

Independently of homework grading, working through problem sets is very useful for keeping up with material and making sure you understand key concepts. It is also a very good way to prepare for exams.

It is ok to do homework with a classmate or in a group, as long as: 1) the group is not more than 4 people, 2) each student submits his/her own solution through Canvas and 3) any collaboration is documented at the top of the homework (by writing at the top of the first page of your homework the name of the students you worked with). Clearly, working together on a problem set does not mean copying solutions from a classmate.

All problem sets will be discussed in class. I will drop your lowest homework grade.

Quizzes: Occasionally online quizzes will be used to make sure you are keep up to date will necessary material for lectures and in class discussions and exercises.

Grading: Final grades will be determined as follows

First Midterm	20%
Second Midterm	20%
Final Exam	15%
Research project	20%
Peer feedback	5%
"Trade economist"	8%
Quizzes	6%
<u>Homework</u>	<u>6%</u>
TOTAL	100%

Course Material: To facilitate the learning process in this course, I post lecture outlines and other material of interest to the class. Please note that all my lectures and course materials, including power point presentations, tests, homeworks, outlines, and similar materials, are protected by copyright. You may take notes and make copies of course materials for your own use. You may not and may not allow others to reproduce or distribute lecture notes and course materials publicly whether or not a fee is charged without my express written consent. Selling or distributing course materials may violate the Code of Student Conduct. Persons who publicly distribute or display or help others publicly distribute or display copies or

modified copies of an instructor's course materials may be considered in violation of the University Code of Student Conduct, Part 9(k).

Attendance: Attendance is not mandatory, but *strongly recommended*. Please note that the material we cover each week builds on the content of the previous weeks. If you miss class, you are still responsible for the material that was covered. I recommend you try to catch up right away: if not, you will find yourself slipping farther and farther behind.

Academic Integrity: The University of Maryland has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards applicable to all undergraduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course. Please make yourself aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information see www.studenthonorcouncil.umd.edu. If I observe what I believe is a violation of the Code of Academic Integrity, I will refer any and all students involved to the Student Honor Council.

Accommodations for students with disabilities: I will make every effort to accommodate students who are registered with the University's Disability Support Services (DSS) office and who provide me with an updated DSS form by February 15th, 2016. I am not able to accommodate students who are not registered with DSS or who do not provide me with the documentation in advance of exams.

Course Evaluations: I look forward to receiving your feedback on the course, both during and at the end of the semester. In particular, your participation in the evaluation of courses through CourseEvalUM is a responsibility you hold as a student member of our academic community. Your feedback is confidential and important to the improvement of teaching and learning at the University.

Course outline:

Please note this outline is subject to change! It is intended to give you a *rough* idea of what topics will be covered over certain dates during the semester and when you can (more or less) expect course work to be assigned/due.

Week 1 (Jan 25th – Jan 29th): Introduction

Why study international economics?

Chapters 1 and 2 from Krugman, Obstfeld and Melitz (KOM)

Week 2 (Feb. 1st – 5th) Theories of International Trade: the Ricardian model

Why is international trade desirable? What determines the pattern of trade?

Chapter 3 in KOM

Week 3 (Feb. 8th – 12th) Theories of International Trade: the Heckscher Ohlin (HO) model

Why is international trade desirable? What determines the pattern of trade?

Chapter 5 in KOM

Class exercise

Homework 1

Feb 12th: Career Center Presentation

Week 4 (Feb. 15th – 19th) The HO model and the specific factors model

Why is international trade desirable? What determines the pattern of trade?

Chapter 4 and 5 in KOM

Quiz 1

Class exercise

Week 5 (Feb. 22 – 26th) Trade with Increasing Returns to Scale

Chapters 7 and 8 in KOM

Homework 2

Quiz 2

Week 6 (Feb. 29th – March 4th) Review and Midterm 1

March 4th : Midterm 1

Week 7 (Mar 7th – 11th) Protectionism: Instruments of trade Policy

How do countries restrict trade?

Chapter 9

March 11th: TTP project Part 1 DUE

Week 8: March 14th – 20th: SPRING BREAK

Week 9 (Mar 21st – 25th) Trade policy and motives for protection

Why do countries restrict trade?

Parts of Chapters 10, 11, and 12 KOM

Homework 3

Week 10 (Mar 28th – April 1st) Free trade arguments and the WTO

What is the role of the World Trade Organization?

Parts of Chapters 10, 11, and 12 KOM Krugman, Paul R. 1987. "Is Free Trade Passe?" Journal of Economic Perspectives, 1(2): 131-144.

Week 11 (April 4th – 8th) Regional trade agreements

What are regional trade agreements? What role do they play?

Salvatore, Dominick, 2012. “Economic Integration”, in Introduction of International Economics (Chapter 7).

Quiz 3

Week 12 (April 11th – 15th) U.S. Trade Policy

What are the main issues of U.S. trade policy? What is U.S. trade policy strategy? What are current trade issues?

Gerber, James, 2014. “The United States in the Global Economy” (Chapter 13)

April 15th: TPP Project Part 2 DUE

Week 13 (April 18th – 22nd) U.S. Trade Policy

What are the main issues of U.S. trade policy? What is U.S. trade policy strategy? What are current trade issues?

Review

April 18th: MIDTERM 2

Week 14 (April 25th – 29th) Controversies in global trade policy

Chapter 12 in KOM

April 25th: TPP Project Part 3 DUE

Week 15 (May 2nd – 6th) TPP presentations

May 6th: “Do you want to be a trade economist?” DUE

Week 16 (May 9th) Final exam REVIEW