

# University of Missouri – Columbia

Spring 2018

*ECONOMICS 4326 / 4326-WI / 7326:  
Economics of International Trade*

*Syllabus*

**Classes:** Middlebush Hall 13, Tu., Th., 2-3:15pm

**Instructor:** Vitor Trindade ([trindadev@missouri.edu](mailto:trindadev@missouri.edu), telephone 882-9925)

**TA:** Yang An ([yavt7@mail.missouri.edu](mailto:yavt7@mail.missouri.edu), telephone 882-8284)

**Dr. Trindade's Office Hour:** Professional Building 325, Thursdays, 11 am – 12 noon, or by appointment

**Yang's Office Hour:** Professional Building 128, Tuesdays, 12 noon – 1pm, or by appointment

**Midterm Test dates and times:** Test 1: Thursday, February 15

Test 2: Thursday, March 22

**Final Exam date and time:** Friday, May 11, 7:30-9:30 a.m.

## Overview

This course studies the microeconomic theory of international trade. Topics include comparative advantage, the theory of commercial policy, economic integration, trade with less developed countries and the trade effects of economic growth. Prerequisite: Economics 3251 or 4351.

## Why study international trade

We live in a globalized world, in which more people travel and work abroad, and more goods and services cross national borders than ever was thought possible. This course will help students understand this environment. The emphasis will be on the causes and consequences of trade between countries. We shall also take side trips into many other issues, such as international migration, development policy, and political economy.

## Important note on course announcements

I will be using Canvas to send announcements to the class as a whole. Some of these may involve important schedule changes. Please make sure you are checking these announcements.

## Textbook

Krugman, Paul R., Maurice Obstfeld and Marc J. Melitz, *International Trade: Theory and Policy*, 11th Edition.

This course is part of the University's AutoAccess program. You will be able to access the digital content for this course automatically through Canvas, on the first day of class. Your student account will be charged \$143.50 for the cost of the digital course material.

Note that you have the option to opt out of this program. Should you choose to do so, you have until January 30, 2018. Once you have opted out, your student account will receive a refund. You will be sent an AutoAccess welcome email that will provide charge amounts, the opt-out process, and any additional information needed for your AutoAccess courses.

Important: If you opt out, please make sure that you do purchase separate access to MyEconLab from Pearson. MyEconLab will be used extensively throughout the course, and your work on MyEconLab will count for your final grade.

If you have any additional questions on the AutoAccess program, please visit [www.themizzoustore/autoaccess](http://www.themizzoustore/autoaccess) or email [AutoAccess@missouri.edu](mailto:AutoAccess@missouri.edu).

## Class participation

You are encouraged to ask and answer questions in class, and generally to participate in the discussion. From my experience, students that engage in the discussion are more likely to do well in my classes. By contrast, I suggest that you be parsimonious with note taking. An old joke is that the class material goes directly from the instructor's slides to the student's notebook without passing through the minds of either! Let us all avoid this by talking to each other.

## Course web page

All course materials, including homework, tests, answer keys, etc., will be available through Canvas at: <http://courses.missouri.edu>.

## Writing Intensive credit

For credit in Economics 4326-WI, a substantial amount of writing and revision work is required, as detailed below. More instructions will be given during the semester.

1. **Study Guide (3 pages)**. Students will write a Study Guide on a chapter of the textbook not (yet) covered in class. The purpose of the Study Guide is to facilitate independent learning.
2. **Newspaper Article (3 pages)**. Students are presented with a trade policy or issue chosen by the instructor. Some additional materials may be provided, for example a discussion of the policy in a think-thank paper, an interview with a reputed economist, and others. Each student then takes the role of a journalist and writes a short article explaining the issue to the general public.
3. **Case Study (Term Paper, 10 pages first draft, 10 pages final draft)**. This will consist of a presentation of a particular trade policy of the United States, or any other country. For example: the United States quota on imports of sugar; the US-Japan Voluntary Export Restraints on Japanese automobiles; or the European Union's Common Agricultural Policy. Students will choose the topic in consultation with the instructor and will be free to focus on different aspects of the policy that interests them (for example its impact on the development of a nation or a region). It is important that you present a balanced view, discussing all the advantages and disadvantages of the policy.

## Graduate credit

For credit in Economics 7326, you have to do the same work as the undergraduate students, plus write a **Case Study** as detailed above. However, you will not submit a first draft, you will only submit a final version.

## Requirements and Grading

IMPORTANT NOTE: grades will be awarded with + / -.

The class requirements are as follows:

1. Approximately ten homework sets.
2. Two midterm tests.
3. One final comprehensive exam.
4. Extra writing requirements for Econ 4326-WI or Econ 7326 as detailed above.

Your final grade will be determined according to the weights in the following table:

	Econ 4326	Econ 4326-WI	Econ 7326
Homework	10%	10%	10%
Test 1	25%	20%	25%
Test 2	25%	20%	25%
Study Guide		5%	
Newspaper Article		5%	
Case Study – first version		5%	
Case Study – final version		10%	10%
Final Exam	40%	25%	30%

Important: in marginal cases I will use your class participation to decide your grade.

## Final Grading Schedule

If your total points $\geq$	Your guaranteed grade is:
90%	A-
80%	B-
70%	C-
60%	D-

## Academic Integrity

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

## Students with Disabilities

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible.

If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please establish an accommodation plan with the Disability Center ([disabilitycenter.missouri.edu](http://disabilitycenter.missouri.edu), S5 Memorial Union, 573- 882-4696), and then notify me of your eligibility for reasonable accommodations. For other MU resources for persons with disabilities, visit [ada.missouri.edu](http://ada.missouri.edu).

## **Intellectual Pluralism**

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the Departmental Chair or Divisional Director; the Director of the [Office of Students Rights and Responsibilities](http://osrr.missouri.edu/) (<http://osrr.missouri.edu/>); or the [MU Equity Office](http://equity.missouri.edu/) (<http://equity.missouri.edu/>), or by email at [equity@missouri.edu](mailto:equity@missouri.edu). All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.

## **Academic Inquiry, Course Discussion and Privacy**

University of Missouri System Executive Order No. 38 lays out principles regarding the sanctity of classroom discussions at the university. The policy is described fully in Section 200.015 of the Collected Rules and Regulations. In this class, students may not make audio or video recordings of course activity, except students permitted to record as an accommodation under Section 240.040 of the Collected Rules. All other students who record and/or distribute audio or video recordings of class activity are subject to discipline in accordance with provisions of Section 200.020 of the Collected Rules and Regulations of the University of Missouri pertaining to student conduct matters.

Those students who are permitted to record are not permitted to redistribute audio or video recordings of statements or comments from the course to individuals who are not students in the course without the express permission of the faculty member and of any students who are recorded. Students found to have violated this policy are subject to discipline in accordance with provisions of Section 200.020 of the Collected Rules and Regulations of the University of Missouri pertaining to student conduct matters.

## **Intellectual Property Notice**

All course materials including but not limited to the syllabus, course assignments, study guides, learning guides, online lecture videos and content, and lab book (i.e. course pack) are property of the instructor and University and may not be shared online or distributed in any manner to others. Students are prohibited from posting course materials or notes online and from selling notes to or being paid for taking notes by any person or commercial firm without the express written permission of the professor teaching this course. Doing so will constitute both an academic integrity violation and a copyright violation. Violations of copyright laws could subject you to civil penalties and criminal liability. Violations of academic integrity may subject you to disciplinary action under University policies.

## TENTATIVE SCHEDULE OF CLASSES

DATES	TOPICS	READINGS	NOTES
<b>PART ONE: TRADE UNDER PERFECT COMPETITION: RICARDIAN AND SPECIFIC FACTOR MODELS</b>			
January 16	Introduction. The gravity model of international trade. The pattern of international trade.	Chapter 1 Chapter 2	
January 18, 23, 25	The Ricardian model of international trade.	Chapter 3	
January 30, February 1, 6, 8	The specific factors model. International migration.	Chapter 4	4326-WI: <b>Study Guide</b> due on <u>February 6</u> .
February 13	Review for Test 1.		
<b>February 15</b>	<b>Test 1</b>		<b>Test 1 will cover chapters 1-4.</b>
<b>PART TWO: TRADE UNDER PERFECT COMPETITION: HECKSCHER-OHLIN MODEL AND THE INSTRUMENTS OF TRADE POLICY</b>			
February 20, 22, 27	The factor-proportions (Heckscher-Ohlin) model of international trade.	Chapter 5	4326-WI: <b>Newspaper Article</b> due on <u>February 27</u> .
March 1, 6	The standard model of international trade.	Chapter 6	
March 8, 13, 15	The instruments of trade policy	Chapter 9	4326-WI: first draft of <b>Case Study</b> due on <u>March 15</u> .
March 20	Review for Test 2.		
<b>March 22</b>	<b>Test 2</b>		<b>Test 2 covers chapters 5, 6, and 8.</b>

DATES	TOPICS	READINGS	NOTES
<b>PART THREE: TRADE UNDER ECONOMIES OF SCALE; TRADE POLICY</b>			
April 3, 5	External economies of scale and international trade.	Chapter 7	
April 10, 12, 17	Firms in the global economy.	Chapter 8	
April 19, 24, 26	The political economy of trade policy.	Chapter 10	
May 1	Trade policy in developing countries.	Chapter 11	
May 3	Controversies in Trade Policy.	Chapter 12	4326-WI and 7326: final draft of <b>Case Study</b> due on <u>May 3</u> .
<b>Friday, May 11, 7:30-9:30 a.m.</b>	<b>FINAL EXAM</b>		<b>The final exam is <u>cumulative</u>.</b>