

SPRING 2014
Department of Economics
University of Minnesota - Twin Cities

International Trade - Econ 4431W

<p>First Half:</p> <p>INSTRUCTOR: Andrea Waddle</p> <p>OFFICE: 3-151 Hanson Hall (HMH)</p> <p>PHONE: 612-624-8383</p> <p>E-MAIL: waddl003@umn.edu</p> <p>Email is the best way to contact me – I check it all the time and reply within 24 hours.</p>	<p>CLASS TIME: MTW 9:00 – 11:00 a.m.</p> <p>CLASSROOM: Carlson 1-143</p> <p>OFFICE HRS: M 11:30 a.m. - 1:30 p.m. & by appt.</p> <p>I am normally in office at this time. However, I apologize in advance if I am away for meetings or site visits on some days. If you like, you can check with me in advance.</p>
<p>Second half:</p> <p>INSTRUCTOR: Filippo Rebessi</p> <p>OFFICE: 3-153 Hanson Hall (HMH)</p> <p>PHONE: 612-626-0157</p> <p>E-MAIL: rebes001@umn.edu</p> <p>Email is the best way to contact me – I check it all the time and usually reply quickly.</p>	<p>CLASS TIME: MTW 9:00 - 11:00 a.m.</p> <p>CLASSROOM: Carlson 1-143</p> <p>OFFICE HRS: M 11:30 a.m. – 1:30 p.m.</p> <p>CLASS WEBPAGE: www.filipporebessi.com/teaching/econ4431w/</p>

Econ 4431W satisfies the Global Perspectives Theme requirement of Liberal Education at the University of Minnesota.

Econ 4431W includes international trade theory and trade policy; it highlights the causes and effects of trade and trade restrictions on trading and non-trading countries. It is not a course on U.S. trade. U.S. is the largest trader in the world, and it is important to understand the role of U.S. in current world trade. It is also important to remember the role of other countries like U.K., Spain, Portugal, France, Holland, etc.. who have been front runners in world trade in the past and have influenced world trade policy and patterns.

The course does not focus on any specific country or region. It does however, address several issues that involve trade among nations, including **free trade, trade restrictions, protection, regional integration and the formation of free trade areas, mobility of labor and capital among nations, and trade and growth linkages**. The course material emphasizes the implications of free trade and trade restrictions. Particular emphasis is placed on the fact that trade leads to winners and losers, and these groups may be in the same or different country. Students are expected to understand the outcome of trade and trade restrictions on various groups (in class activities, homework assignments, and exams) – on domestic and foreign consumers, producers, governments, institutions; and on economic variables like prices, wages,

employment, volume of trade, composition of trade, trading partners, and on income distribution across nations.

The strategy of the course will be to focus on the following points:

- **The course, and most or all of the material covered in the course, focuses on the world beyond the United States.**

The course develops the basic theories of international trade and applies them to study the effects of trade and trade restrictions in the world. The focus is on many contemporary world trade problems. In all these, we focus on current and future effects on various countries and the different groups within the countries. These contemporary world trade issues are used to illustrate all theoretical trade concepts.

The course either (1) focuses in depth upon a particular country, culture, or region or some aspect thereof; (2) addresses a particular issue, problem, or phenomenon with respect to two or more countries, cultures, or regions; or (3) examines global affairs through a comparative framework.

The course satisfies points (2) and (3). It focuses on global trade issues, which involve two or more countries or groups of countries. Theoretically, trade restrictions affect both countries and their people. We examine the actual effects of trade and trade restrictions on all players involved. We analyze the impacts of Regionalism and Multilateralism (by using world trade shares of nations or trade concentration ratios) on trade- and whether it leads to trade creation or trade diversion. This can have serious effects on the peoples of the nations- on their income and income distribution, on government revenues, and on prices, manufacturing, trade, wages, employment, and so on.

Students discuss and reflect on the implications of issues raised by the course material for the international community, the United States, and/or for their own lives.

Students are expected to participate in class discussions of trade issues. In homework assignments, students are asked to articulate effects of trade issues on the world economy, US economy or on themselves. During class time, the instructor will often discuss the effects of trade or trade restrictions on one country, and ask students to find the effects on the trading partner. The instructor will also present current articles on international trade in every class meeting so that students can see the application of trade terms and theories in real-world situations.

STUDENT LEARNING OUTCOMES:

Students can identify, define, and solve problems- Students will be able to solve problems pertaining to international trade and its effects on all countries involved. They will have to answer questions in homework assignments and in the midterm and final exams.

Students can locate and critically evaluate information – Students will be able to find and retrieve reliable international trade data for many countries. They will need data to answer questions in homework assignments, and will also need data and other background information about the chosen country (for the writing assignment).

Students can communicate effectively – Students will be able to communicate effectively in writing. They will be asked to read one economic journal article so they can see how writing in economics is undertaken. Using the same format, they will write a paper, and will receive feedback on every iteration of the paper.

PREREQUISITES: for the course include Econ 3101 and 3102, which students should have successfully completed prior to taking this course.

TEXTBOOK:

Required: INTERNATIONAL ECONOMICS by Appleyard and Field (8th or latest edition; McGraw Hill)

READINGS: (some on reserve at the Wilson Library):

Douglas Irwin: Free Trade Under Fire (Princeton University Press)

Daniels and VanHoose: Global Economic Issues and Policies (Thomson South-Western)

Ethier: Modern International Economics

Krugman and Obstfeld: International Economics: Theory and Policy

J. Bhagwati (ed): International Trade; and Lectures on International Trade

Dominick Salvatore: International Economics

Feenstra and Taylor: International Trade

ADDITIONAL READINGS:

Pearson, Charles: United States Trade Policy (Wiley)

Bhagwati: In Defense of Globalization (Oxford), 2007

C. Fred Bergsten and IIE: The United States and the World Economy, IIE 2005

The Economist: current issues

Economic Report of the President, February 2013

Various current newspapers and news magazines

TENTATIVE COURSE SCHEDULE/TOPICS & CHAPTERS:

Introduction, World Trade, Role of the U.S. in World Trade - 1

Mercantilism and Classical Theory of Trade: Adam Smith's Theory of Absolute Advantage - 2

Ricardian Theory of Comparative Advantage - 3

Tests and Extensions of the Classical Theory of Trade - 4

Neoclassical Theory of International Trade – 5, 6

Offer Curves, Terms of Trade - 7

Heckscher-Ohlin Theory of Trade - 8

Propositions of the H-O Theory, Leontief Paradox and explanations – 8, 9

New Trade Theories – 10

MID-TERM EXAM - (includes all material covered until July 2, 2014)- **July 9, 2014** - in class

Economic Growth and International Trade - 11

Trade Policies and Restrictions - Tariffs and Non-Tariff Barriers- 13, 14

Protection, Measurement of Protection - 15

U.S. Commercial and Trade Policy – 16

Economic Integration and Regionalism, Trade Liberalization - 17

International Capital and Labor Mobility, Multinational Enterprises - 12

FINAL EXAM: 9.00 am – 11.00 am, Wednesday, August 6, 2014 in class

NOTES:

1. We will try to incorporate current (international) topics of interest by reviewing recent news items. We encourage you all to participate in these discussions.
2. Students are responsible for material covered in both the lecture and supporting material in the mentioned chapters of the textbook. Everything discussed in class is part of the course and will appear on exams.
3. For undergraduate courses, one credit is defined as equivalent to three hours of additional work per week for the course, in order for students to achieve an average grade. This implies that you should put in at least ---- (do the math!!) hours per week on this course.
4. Please attend all class lectures. If you miss any, please make sure you get lecture notes from your classmates. Do try and make friends who can assist you!
5. Please use technology “responsibly” while you are in the classroom. This means TURNING OFF your cell-phones, pagers, I-Pods and any other devices, and your computers as well. The instructors thank you in advance.

HOMEWORK ASSIGNMENTS AND CLASS PARTICIPATION:

There are four homework assignments; you will complete the homework assignments on your own or in groups. At the beginning of class the day that the assignment is due, there will be a quiz covering one of the homework assignments which will be closed note, closed book. You will not submit the entire assignment to be graded; instead, the grade you receive on the quiz will be your grade for this homework assignment. Other homework questions are very likely to turn up on the midterm and final exams, so this gives you a chance to internalize some of the material before the exams. Solutions to the questions will be provided in class after the homework quiz. I will not post solutions online, so please attend class or ask a friend if you want the solutions.

WRITING INTENSIVE COURSE:

This class is designated as Writing Intensive (W). Writing Intensive courses, as understood by the Council on Liberal Education, are defined as courses at either the upper or lower division level in which the course grade is directly tied to the quality of the student's writing as well as to knowledge of the subject matter, so that students cannot pass the course who do not meet minimal standards of writing competence. In this course, a significant amount of writing is required - minimally ten to twenty finished pages. The writing assignment includes revisions of drafts/proposals on which you receive feedback. Additionally, you will have to briefly present your paper to the class. Details soon.

Please be mindful that the writing assistant will have their own deadlines for the paper. We will be able to assist you to a certain extent in completing the writing assignment, but the writing assistant should be your main source of support and advice for this project.

Keler Marku (marku078@umn.edu) is the WI assistant for the course.

EXAMS:

MIDTERM EXAM: 9:00 am – 11:00 am July 9, 2014; in class

FINAL EXAM: 9:00 am – 11:00 am, Wednesday August 6, 2014 in class

We will hold a short review before the midterm and final exams. This is to answer questions about class material and provide you with the exam format, along with sample questions.

GRADING POLICY:

The final grade is determined as follows:

Homework: 20%

Midterm: 25%

Final: 30%

Writing Assignment: 25%

Department Grading Scale:

92%-100% A

90%-91% A-

88%-89% B+

82%-87% B

80%-81% B-

78%-79% C+

72%-77% C

70%-71% C-

68%-69% D+

60%-67% D

0 -59% F

IMPORTANT:

1. You **MUST** receive at least a C- (70/100) on your Writing Intensive assignment in order to pass the course. This is a firm policy. Students taking the class on an S-N basis must receive at least a C- to receive an S.
2. Make up's are not allowed for the mid term exam under any circumstances, except in medical emergencies for which a doctor's note is required.
3. Make up's are possible for the final exam only if the student has another exam scheduled at the same time, or has three exams within a 16 hour period. This should be pre-arranged with me. We can discuss an alternative exam time.
4. Incomplete grade: A low class standing is not a valid reason for an I grade. An I grade is given only in exceptional circumstances like hospitalization or family emergencies; and an arrangement must be worked out between the student and me before the final exam. I require written proof of emergencies. Generally, an I grade can be given before the mid term exam. You have one year to make up an I; and must repeat the course in its entirety.

IN CLASS COMMENTARIES:

On Wednesdays, I will let you have the last five minutes of class to write a commentary on the week's classes. This way, I have an idea of your reactions to the material and my teaching, and I can then adjust it according to your needs. You do not have to write your name on these comments.

**I DO NOT ACCEPT LATE ASSIGNMENTS.
IF YOU CANNOT MAKE IT TO CLASS, PLEASE MAKE SURE THE ASSIGNMENT
REACHES ME ON OR AHEAD OF TIME.
(ON TIME MEANS LECTURE TIME ON THE DUE DATE).**

E-MAIL: Initiate or activate your University e-mail account. This is issued to every student who is registered for a course. This way, you will receive any mass mailings that are sent out to the class. You can have mail from this e-mail account forwarded to any address you want. Go to <http://www.umn.edu/validate>.

COURSE SCHEDULE- SUMMER 2014

JUNE:

16: Classes begin
18: HW I distributed, Topic due at midnight
25: HW Quiz I, HW 2 distributed
27: Outline due at midnight

JULY:

2: HW Quiz II
3: Review session for Midterm– time to be determined
9: Midterm in class
16: HW 3 distributed
23: HW 3 Quiz, HW 4 distributed
30: HW 4 Quiz, First draft due at midnight

AUGUST:

4 and 5: Paper Presentations
6: Final Exam in class
8: Final draft due at midnight

FINAL EXAM: 9:00 am – 11:00 am, Wednesday, August 6, 2014 in class

DEPARTMENT OF ECONOMICS -- PROCEDURES AND POLICIES 2013-2014

4-101 Hanson Hall (612-625-6353)

CLASS ASSIGNMENTS:

Written answers to homework assignments must be typed; Graphs and numerical work need not be typed, but should be legible.

COURSE PREREQUISITES:

Students are expected to have successfully completed all prerequisites prior to taking an Economics course.

DISABLED STUDENTS:

Reasonable accommodations will be provided for all students with documented disabilities (by the OSD). Contact the instructor at the beginning of the semester to work out details. This information will be kept confidential.

STUDENT MENTAL HEALTH AND STRESS MANAGEMENT:

As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student's ability to participate in daily activities. University of Minnesota services are available to assist you with addressing these and other concerns you may be experiencing. Information about confidential mental health services available on campus: <http://www.mentalhealth.umn.edu/>.

DROPPING A CLASS:

Termination of attendance alone is not sufficient to drop a class. You must notify the Registrar's office. Please contact your academic (college) adviser for details on this process and pay attention to University deadlines for add/drop.

INCOMPLETE GRADE:

Low class standing is not a valid reason for an Incomplete grade. An I is given only in exceptional circumstances like family emergencies or hospitalization; arrangements must be worked out between the student and instructor before the final exam. We require written proof of emergencies. Details about I grades and how to make it up -in the Economics Undergraduate Handbook- online.

MAKE-UP EXAMS:

Make up exams are possible for the final exam only if the student has another exam scheduled at the same time, or has three exams within a 16 hour period. This should be pre-arranged with the instructor at least three weeks before the final exam. Make up final exams may also be possible for documented medical emergencies.

SCHOLASTIC DISHONESTY:

"The College of Liberal Arts defines scholastic dishonesty broadly as any act by a student that misrepresents the student's own academic work or that compromises the academic work of another. Examples include cheating on assignments or exams, plagiarizing (misrepresenting as one's own anything done by another), unauthorized collaboration on assignments or exams, or sabotaging another student's work".

The University Student Conduct Code defines scholastic dishonesty as "Submission of false records of academic achievement; cheating on assignments or examinations; plagiarizing; altering, forging, or misusing a University academic record; taking, acquiring, or using text materials without faculty permission; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement."

Penalties for scholastic dishonesty of any kind in any course will entail an "F" for the particular assignment/exam or the course.

Please check this website for information on Student Academic Misconduct -- <http://www1.umn.edu/oscai/integrity/student/index.html>

STUDENT CONDUCT AND CLASSROOM BEHAVIOR:

Students are expected to contribute to a calm, productive, and learning environment. Information on student classroom behavior issues is at: http://www1.umn.edu/regents/policies/academic/Student_Conduct_Code.html .Check the Student Conduct Code to find out what is expected of you.

STUDY ABROAD IN ECONOMICS:

The Department encourages you to undertake Study Abroad. There are many courses in foreign countries that can satisfy some economics major, minor, or Liberal Education requirements. For more information, please contact our Undergraduate Advisor, Ms. Madhu Bhat, or the University's Learning Abroad Center at <http://www.umabroad.umn.edu/>

UNDERGRADUATE ADVISER:

Contact the Undergraduate Adviser if you wish to sign up for an Economics major or minor or to get information about institutions of higher study. Your APAS form will list your progress toward an Economics degree.

Adviser: Ms. Madhu Bhat (econadv@umn.edu)

Office: 4-100 Hanson Hall (office hours are posted on the door) Phone number: 612-625-5893

UNDERGRADUATE HANDBOOK:

Available on the Internet at: <http://www.econ.umn.edu/> Click on Undergraduate Programs.

Registration policies are listed in the University Course Schedules and College Bulletins.

COMPLAINTS OR CONCERNS ABOUT COURSES:

All course grades are subject to department review.

Please contact your instructor or TA if you have any complaints/concerns about the course. If your concerns are not resolved after talking with your instructor, you can contact: Professor Simran Sahi, Director of Undergraduate Studies

(Phone): 612-625-6353 and E-mail: ssahi@umn.edu .