

University of Maryland, College Park  
Master of Science Program in Applied Economics  
Winter 2021/22

## **ECON 677 - INTERNATIONAL TRADE & APPLICATIONS (“Mostly Online”)**

Note: This is a “mostly online” section, with weekly synchronous online meetings that occur within the noted timeframe. However, students are required to attend in-person proctored exams (midterm and final exam). The exams are the only in-person component of the course, and will be administered at 1400 16th Street, NW in Washington, DC. See Course Outline for exam dates and times.

Instructor: Cristina Tello-Trillo  
Email: [Tellotri@umd.edu](mailto:Tellotri@umd.edu)

Class Meets: Tuesdays 7pm-9:15pm. via Zoom

- There will be two 45/65-minutes meeting. First session will usually run from 7:00pm-7:50pm, followed by a 20 min break, then a second session from 8:10pm-9:00/9:15pm.

Instructor Office Hours: Fridays by appointment via Zoom.

TA: Panos Dimetrollos ([PanosDim@umd.edu](mailto:PanosDim@umd.edu))  
TA office hours: TBA.

**Course description:** In this course you will analyze the causes and consequences of international trade. The course will cover a set of conceptual tools that are useful for understanding “globalization”. We will use these tools to answer interesting and important questions about how countries, firms, and workers respond to international trade.

**Learning objectives:** This course will be a mix of theory and empirics. Current issues in the global economy will be a regular topic of class discussion. Although the course will emphasize the understanding of past and current events in the world economy, we will heavily rely on formal economic modeling to help us understand these events.

Our program has 7 general learning outcomes for students:

- 1. Ability to understand, evaluate and analyze economic data**
- 2. Ability to understand and interpret statistical evidence from economic data**
- 3. Ability to apply empirical evidence to assessing economic arguments**
4. Ability to apply macroeconomic theories to policy discussions
- 5. Ability to apply microeconomic theories to policy discussions**
- 6. Ability to communicate economic ideas to a broader audience**
- 7. Ability to evaluate the effectiveness of policy programs using sound economic techniques**

All of the learning outcomes in bold pertain to this course.

### **Textbooks and Software:**

Required:

- International Economics Theory and Policy by Krugman, Obstfeld and Melitz 10<sup>th</sup> edition. The 9th edition is also fine for the purposes of this course.
- Lecture note, case studies and study materials will be posted to the course website.

Optional Readings:

- You are encouraged to read the business section of a major newspaper/website (e.g., NYT, WDJ, FT, Economist, etc.) every day to familiarize themselves with current trends in “globalization”. I may send articles to you periodically during the quarter. I have also posted some good articles to the syllabus below.

### **Grading:**

- Midterm Exam (in-person): 30%
- Final Exam (in-person): 35%
- Problem sets 1-4: 20%
- Online Discussion Sessions: 5%
- Presentation: 10%

**Exams:** The midterm and final exams must be taken in person at 1400 16<sup>th</sup> Street, NW. See Course outline for dates and times. Information about access to the building will be provided by the program coordinator.

**Problem Sets:** The problem sets will include theoretical problems and empirical assignments. You will have 1-1.5 weeks to solve each problem set. You may work with up to 1 partner on problem sets, if you collaborate, please hand in only 1 copy and note your partner on your submission. Even if you work individually, I encourage you to discuss the problems with your classmates. From my experience as a student, you can learn a great deal from your fellow students.

All problem sets are to be submitted electronically via ELMS. Problem set must be postmarked before 6:45pm on Tuesdays. If some of your work is done with paper and pencil, you can use smartphone apps to create PDFs and upload those. Late submissions are not acceptable.

**Online Discussions:** I will post a question/series of questions relevant to the course material every *Thursday at 11am*. The discussion will be open until *Saturday at 11am* for you to comment/respond. Your participation in these discussions directly impacts your grade.

**Presentation:** Goal of the presentation is to analyze a country various response to different dimensions of globalization using tools that we learn from class. Students (in groups) pick a trade

issue and will prepare a 15-20 minute presentation. The issue can be as specific as, 'Trade in the Turkish Hazelnut Market or as general as 'Is Vietnam the new China?'. The structure of the presentation is the following:

1. Background
2. Analysis: Can I explain this trade issue with any of the models/topics that we have covered in class?
  - If the answer is yes, which parts could be explained through the model's lenses, which parts could not?
  - If not, why? What assumptions are being violated?
3. Policy Recommendations and Conclusions
  - Think about if the predictions of the model could help you to make some recommendations/predictions for the future? Note that you can use more than one model.

**Tentative Course Outline:**

Lecture #	Date	Topic	Textbook	Optional Reading	Due
1	Nov 30	<b>Introduction</b> – What is Globalization & Trade?	<b>Chapter 1</b>	<a href="#">Coming and Going (Economist 2016.10.3)</a> ; <a href="#">It's a Flat World After All (NYT 2005.4.3)</a>	
2	Dec 7	<b>Ricardo</b> – Why do countries trade?	<b>Chapter 2</b>	<a href="#">The Pencil (PBS 1980)</a> ; <a href="#">Ricardo's Difficult Idea (Krugman Archive)</a>	
3	Dec 14	<b>Hecksher-Ohlin</b> – Who gains from trade?	<b>Chapter 5</b>	<a href="#">Free Trade: You're Doing It Wrong (FP 2013.2.4)</a>	<b>PS1</b>
4	Dec 21	<b>Ricardo Viner</b> – Who gains from trade when one of the factors of production is fixed?	<b>Chapter 4</b>	<a href="#">As Crop Prices Soar Iowa Farms Add Acreage (NYT 2011.12.30)</a>	
	<i>Dec 28</i>	<i>NO CLASS</i>		<i>Winter break</i>	
5	Jan 4	<b>Multi-Cone HO</b> – Who gains from trade in a multi-product world?		<a href="#">Introduction to the Two-Cone HO Equilibrium (Deardorff 2002)</a> ; <a href="#">Economic Recovery, Made in Bangladesh? (NYT 2013.5.20)</a> ,	<b>PS2</b>
6	Jan 11	<b>Midterm</b>	<b>Chapter 9</b>	<b>6:45pm-9pm in person at 1400 16<sup>th</sup> St.</b>	
7	Jan 18	<b>Tariffs &amp; Trade wars</b>	<b>Chapter 9</b>	<a href="#">Free Trade and the Steel Industry (Milton Friedman on Youtube)</a> , <a href="#">Trump's washing-machine tariffs</a>	

<b>8</b>	<b>Jan 25</b>	<b>Krugman</b> – What is the role of economies of scale in trade?	<b>Chapter 8</b>	<a href="#"><u>What Happened When Two Countries Liberalized Trade? Pain, then Gain (NYT 2005.1.27)</u></a>	<b>PS3</b>
<b>9</b>	<b>Feb 1</b>	<b>Melitz: Heterogeneous firms and trade</b> – What is the role of the firm in trade?		<a href="#"><u>The Economics of a \$6.75 Shirt (WSJ 2013.5.16); Trade Liberalization and Embedded Institutional Reform (Vox2013.1.15)</u></a>	
<b>10</b>	<b>Feb 8</b>	<b>Presentations + Trade and Labor Market</b>		<a href="#"><u>Trump, Trade and Workers, NYT. 2016.07.04</u></a>	<b>PS4</b>
<b>11</b>	<b>Feb 12</b>	<b>Review</b>		<a href="#"><u>The long-term jobs killer is not China. It's Automation. NYT.12.21.2016</u></a>	
<b>12</b>	<b>Feb 15</b>	<b>Final Exam</b>		<b>6:45pm-9pm in person at 1400 16<sup>th</sup> St.</b>	

## **Academic Integrity:**

The University of Maryland has a nationally recognized Code of Academic Integrity. You should inform yourself about the UMD policies related to academic misconduct:

<https://www.studentconduct.umd.edu/home/current-students> (Links to an external site.)

Cases of academic misconduct, including plagiarism and giving or receiving unauthorized assistance on exams, will be referred to the UMD Office of Student Conduct. If found responsible for academic misconduct, students can be subject to sanctions. The standard sanction for graduate students found responsible for cheating on exams is expulsion from the university.

The exams in this course will ask students to affirm the UMD Honor Pledge: “I pledge on my honor that I have not given or received any unauthorized assistance on this assignment/examination.”

## **Other Standard Policies for the Program and the University of Maryland**

**Work Load:** Mastering the material covered in this course requires a significant amount of work outside of class. Students should expect to spend more time outside of class than in class – typically at least twice as much time. The courses in our DC program are 12-week courses that cover all the same material as a traditional semester-long 3-credit course (15 weeks). The compressed schedule makes it possible to complete our degree in just 15 months if you take 2 courses each term. But the compressed schedule also implies an accelerated pace with an average of 25% more work per week in a given course ( $15/12 = 1.25$ ). The normal full-time load in a master’s program is 3 courses per semester, or 6 courses per year. The weekly work load when taking 2 of our DC courses per term is equivalent to the load from 2.5 “normal” 15-week courses - so  $2.5/3.0=83\%$  of a full-time load. However, the DC program takes just 1 week off between terms. Students who take 2 courses per quarter in our program complete 8 courses per year. So over the course of a year, taking 2 courses per quarter in our DC program is equivalent to 133% of a “normal” full-time load in the traditional semester-based program ( $8/6 = 1.33$ ).

**Academic Progress:** The graduate school requires that students maintain a GPA of at least 3.0. Students whose cumulative GPA falls below 3.0 will be placed on academic probation by the graduate school. Students on academic probation must ask the program’s director to petition the graduate school if they want to remain in the program. The petition must include a plan for getting the student’s GPA up to at least 3.0. Students who do not live up to their plan can be forced to leave the program without having earned the degree. Note: a grade of “B” corresponds to a GPA of 3.0. A grade of “B-” corresponds to a GPA of 2.7.

**Student Conduct:** Students are expected to treat each other with respect. Disruptive behavior of any kind will not be tolerated. Students who are unable to show civility to one another or

myself will be referred to the Office of Student Conduct. You are expected to adhere to the Code of Student Conduct.

**Excused Absences:** The University of Maryland's policy on excused absences is posted here:

<http://www.president.umd.edu/administration/policies/section-v-student-affairs/v-100g>

Please note:

If you miss any class meetings for any reason, you are still responsible for all material covered during the meeting you missed. It is your responsibility – not the instructor's – to make sure you catch up on the missed material. Instructors routinely facilitate things by posting lecture notes, etc.

If you need to miss an exam or other graded course requirement because of illness, injury, or some other emergency: Follow doctor's orders and get documentation. Get in touch with the instructor as soon as you're able – preferably prior to missing the exam or deadline. Communicate with the instructor to make up the course requirement as soon as possible. You are entitled to recover before you make up the course requirement, but you are not entitled to extra days to study beyond the time the doctor's note says you're incapacitated. If you are incapacitated for more than a week or so beyond the end of the term, your grade in the course will be an "Incomplete". In such cases you must negotiate a plan with your instructor for completing the course requirements. Once you make up the course requirement the instructor will change your "I" to the appropriate letter grade.

**School Closings and Delays:** Information regarding official University closing and delays can be found on the campus website and the snow phone line: (301) 405-SNOW (405-7669) The program director will also announce cancellation information to the program as an announcement on the program's ELMS/Canvas site. This will generally be done by 1:00 p.m. on days when weather or other factors are an issue. If classes need to be cancelled during the semester, it may be necessary to move the final exam back a week so missed classes can be made up.

**UMD Counseling Center:** Sometimes students experience academic, personal and/or emotional distress. The UMD Counseling Center in Shoemaker Hall provides comprehensive and confidential support services that promote personal, social, and academic success. The cost of these services is covered by the fees you already paid when you registered for classes, and there is no additional charge if you use the services. Proactively explore the range of services available, including the Counseling Service, Accessibility and Disability Service, and the Testing Office, all described at <http://www.counseling.umd.edu/>

**Graduate Academic Counselor:** The UMD Graduate School also has an academic counselor available to support students who are having difficulty navigating mental health resources on campus, are considering a leave of absence and/or need assistance finding mental health care off campus. The Graduate Academic Counselor also facilitates bi-weekly Graduate Student Circle Sessions which provide an opportunity to learn about resources and connect with other graduate students. Students can learn more about the Graduate Academic Counselor by going to: <https://gradschool.umd.edu/gradcounselor>

**Students with Disabilities:** The University of Maryland does not discriminate based on differences in age, race, ethnicity, sex, religion, disability, sexual orientation, class, political affiliation, or national origin. Reasonable accommodations will be arranged for students with documented disabilities. Students who have an accommodations letter from the Accessibility and Disability Service (ADS) should meet with me during the first few weeks of the semester to discuss and plan for the implementation of your accommodations. If you require reasonable accommodations but have not yet registered with ADS, please contact the Accessibility and Disability Service at 301-314-7682 or [adsfrontdesk@umd.edu](mailto:adsfrontdesk@umd.edu).

**Course Evaluations:** Near the end of the term, you will receive an email inviting you to submit a voluntary and anonymous course evaluation. Your feedback on courses will be very helpful in improving the quality of instruction in our program.

**Exams:** The midterm and final exams must be taken in person at 1400 16<sup>th</sup> Street, NW. See Course outline for dates and times. Information about access to the building will be provided by the program coordinator.