

ECON 677
International Trade & Applications

Instructors' Contact Information and Class Logistics:

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Office Hours: ELMS Discussion Board Thursday all day; and by appointment via Zoom

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Office Hours: Tuesday 5:00 and 6:30 pm via Zoom

Class Location: 1400 16th Street, NW Suite 140, Washington DC

Class Time: Wednesday, 6:45 - 9:30 pm.

Note that there will be a 15-minute break at some point around 8:00 PM.

Class Website: <https://myelms.umd.edu>

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 the trade theory and empirics with focus on trade policy. 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 7 of the standard learning outcomes pertain to this course, but with more emphasis on outcome 5 than outcome 4.

At the end of this course, you should also be able to understand empirical papers in international trade and apply ideas from the literature in your own applied work.

Course Materials

- Main Textbook: International Economics Theory and Policy by Krugman, Obstfeld and Melitz 12th edition (ISBN-13: 9780135766880) or 10th/11th editions
- Lecture notes, 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, Financial Times, The Economist, etc.) every day to familiarize themselves with current trends in “globalization.” I may send articles to you periodically during the term.

Course Website:

Copies of the course syllabus, your grades, and other relevant links and documents will be posted on the courses ELMS/Canvas website. You can access the site via www.elms.umd.edu. You will need to use your University of Maryland directory ID and password.

Course Structure

- **Problems Sets (20 points):** There will be five problem sets assigned throughout the quarter. The problem sets are combination of modeling and analytical assignments. They are due at the beginning of class on the designated due date (see below). You are encouraged to consult with classmates in completing the problem sets. You are allowed to give and receive help on the problems. However, you are NOT allowed to share problem sets with others. Please note, that problem sets must be uploaded to ELMS. For hand-written work, students can use smartphone apps to create multi-page PDFs (One PDF per assignment). Students can upload the PDFs to ELMS for the TA to grade.
- **Paper Presentations (10 points):** Each student will give a short presentation at some point during the term. We will have 1 or 2 student presentations during some of the weeks. There will be no student presentation until the 5th week of the term, and also none the week of the midterm exam or the week of the final exam. Students will present applied research papers that correspond to the material being studied in the course. Appropriate papers will be suggested by the instructor, including but not limited to some of the papers listed in the course outline below. Presenters are required to send complete first drafts of their PowerPoint slides to me via email by noon on the Sunday before their presentation week. I will provide feedback on the initial drafts, which must be reflected in the final presentations.
- **Empirical Analysis Project (15 points):** There will be empirical project to model trade policy scenarios using STATA. This analysis will involve collecting required data, running regression models and interpreting the results. You will be required to write 3-5 pages briefing paper to summarize your analysis. Your presentation/briefing must include an introduction summarizing the

methodology and the results of the paper; data; relevant descriptive statistics; regression model; estimation results; and conclusion with a focus on the policy implications.

- **Online Discussion (5 points):** The weekly online discussions are mandatory and will be conducted via online discussion utility in ELMS/Canvas. I will be actively participating in the “weekly” online discussions by reading and providing feedback on what’s posted
- **Midterm Exam (20 points):** The midterm exam will be given in person and will be 90 minutes length. The midterm exam is closed books and notes. Calculators are allowed.
- **Final Exam (30 points):** The final exam will be given on the last day of class in person and will be 120 minutes in length. The exam will be a comprehensive exam covering ALL material discussed throughout the course, including lecture slides, textbook and other reading material, in-class assignments and problem sets. The final exam is closed books and notes. Calculators are allowed.

Assignment and Test Dates:

Problem Set #1	Assigned: June 8, 2022	Due: June 15, 2022
Problem Set #2	Assigned: June 15, 2022	Due: June 22, 2022
Problem Set #3	Assigned: June 22, 2022	Due: July 6, 2022
Midterm Exam	July 13, 2022	
Problem Set #4	Assigned: July 20, 2022	Due: July 27, 2022
<i>Empirical Project</i>	Assigned: July 27, 2022	First Draft Due: July 30, 2022
		Due: August 3, 2022
Problem Set #5	Assigned: August 3, 2022	Due: August 10, 2022
Final Exam	August 17, 2022	

Papers for presentations would be assigned from week 4, with presentations beginning in week 5.

Contact me immediately if you foresee a problem with the dates of the midterm. Final cannot be rescheduled unless a student has a valid excuse with documentation.

Final Grade

The course has 6 graded course components:

- Problem Sets: 20 points
- Paper Presentations: 10 points
- Empirical Project: 15 points
- Online Discussions: 5 points
- Midterm Exam: 20 points
- Final Exam: 30 points

==> 100 Total course points

At the end of the term I will add up each student's course points. This will be a number between 0 and 100. I do not grade on a curve. Numerical course grades will be translated into letter grades as follows:

93-100	90-92	80-89	70-79	60-69	50-59	40-49	30-39	20-29	10-19	0-9
A	A-	B+	B	B-	C+	C	C-	D+	D	F

Other Standard Policies for the Program and the University of Maryland

Policies related to all graduate courses at the University of Maryland are posted on this page of the Graduate School's website:

<https://gradschool.umd.edu/faculty-and-staff/course-related-policies>

Please familiarize yourself with these policies related academic integrity, non-discrimination policy, accessibility, absences and accommodations, grading, academic standing, grievance procedures, and other important policies.

Email: The University has adopted email as the primary means of communication outside the classroom, and I will use it to inform you of important announcements. The University creates an "@umd.edu" email address for every graduate student. All official UMD communications will be sent to students at their "@umd.edu" email address. You are responsible for reading your @umd.edu email address, including ELMS/Canvas Announcements I send to the class. You should make sure ELMS/Canvas Announcements and messages are forwarded to an email address that you check regularly. Failure to check email, errors in forwarding email, and returned email due to "mailbox full" or "user unknown" will not excuse a student from missing announcements or deadlines.

I will do my best to respond to email within 36 hours.

Workload: 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 workload 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.

Excused Absences: If you miss any class meetings for any reason, it is your responsibility to work with the instructor 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. When classes need to be canceled during the semester, we make every effort to schedule makeup classes.

UMD Counseling Center: Sometimes students experience academic, personal and/or emotional distress. The UMD Counseling Center in Shoemaker Hall provides free, comprehensive, and confidential counseling / mental health services that promote personal, social, and academic success. All Counseling Center services are completely free for enrolled students. Proactively explore the range of services available at the Counseling Center, including the Counseling Service and Accessibility and Disability Service 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>

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.

Building Access: There is a smartphone app that can be used to enter our building after normal business hours. The program coordinator will provide information about this. We will also provide information about the code for entering the front door of our suite. Please make sure you are receiving the ELMS-Announcements that we send out to the program about these and other important matters.

COVID Policies: Up-to date information about UMD COVID-19 policies and guidance are posted at <https://umd.edu/4Maryland>

Given the evolving nature of the pandemic, the guidance and policies are subject to change. The plans are always coordinated with state and county health officials, with additional guidance provided by the University System of Maryland. The focus will always be on the health and well-being of our entire campus community.

We strongly urge all students, staff and faculty to read announcements they receive about COVID related guidance and policy, and to stay familiar with the information. We thank you all for your individual efforts to help protect the collective health of our entire community.

Tentative Course Outline

This outline may be revised during the semester. For the latest version, check the course webpage.

Lecture #	Date	Topic	Textbook	Optional Reading	Due
1	June 1	Introduction – What is Globalization & Trade?	Chapter 1,2	Coming and Going (Economist 2016.10.3) ; It's a Flat World After All (NYT 2005.4.3)	
2	June 8	Ricardian Model	Chapter 3	The Pencil (PBS 1980) ; Ricardo's Difficult Idea (Krugman Archive)	
3	June 15	Hecksher-Ohlin Model	Chapter 5	Free Trade: You're Doing It Wrong (FP 2013.2.4)	PS1
4	June 22	Ricardo-Viner Model	Chapter 4	As Crop Prices Soar Iowa Farms Add Acreage (NYT 2011.12.30)	PS2
5	June 29	Multi-Cone HO		Introduction to the Two-Cone HO Equilibrium (Deardorff 2002) ; Economic Recovery, Made in Bangladesh? (NYT 2013.5.20) ,	
6	July 6	Instruments of Trade Policy: Tariffs & Quotas	Chapter 9	Free Trade and the Steel Industry (Milton Friedman on YouTube) , Sugar Tariffs Cost Americans \$2.5	PS3

				Billion in 2009 (Perry 2010.1.30)	
7	July 13	Midterm Exam			
7	July 13	Intra-Industry Trade/Krugman	Chapter 8	What Happened When Two Countries Liberalized Trade? Pain, then Gain (NYT 2005.1.27)	
8	July 20	Melitz Model: Heterogeneous firms and trade	Chapter 8	The Economics of a \$6.75 Shirt (WSJ 2013.5.16); Trade Liberalization and Embedded Institutional Reform (Vox2013.1.15)	
9	July 27	Instruments of Trade Policy: Trade Agreements	Chapter 10		PS4
10	August 3	Export Decisions, Outsourcing, and Multinational Enterprises	Chapter 8	Trump, Trade and Workers, NYT. 2016.07.04	Empirical Project
11	August 10	Trade and Labor Markets, Review		The long-term jobs killer is not China. It's Automation. NYT.12.21.2016	PS5
12	August 17	Final Exam			