

University of Maryland, College Park
Master of Science Program in Applied Economics
Winter 2022/23

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 will be administered at 1400 16th Street, NW in Washington, DC. See Course Outline for exam dates and times.

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

- There will be two 50-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. 9-9:15pm.

Instructor Office Hours: Fridays by appointment via zoom.

TA Office Hours: Mondays 5-6pm via zoom.

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 10th edition. The 9th or more recent editions are 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 16th 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 Mondays. 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 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 29	Introduction – What is Globalization & Trade?	Chapter 1	Coming and Going (Economist 2016.10.3) ; It's a Flat World After All (NYT 2005.4.3)	
2	Dec 6	Ricardo – Why do countries trade?	Chapter 2	The Pencil (PBS 1980) ; Ricardo's Difficult Idea (Krugman Archive)	
3	Dec 13	Hecksher-Ohlin – Who gains from trade?	Chapter 5	Free Trade: You're Doing It Wrong (FP 2013.2.4)	PS1
4	Dec 20	Hecksher-Ohlin II – Who gains from trade?	Chapter 5	Comparative Advantage	
	<i>Dec 27</i>	<i>NO CLASS</i>		<i>Winter break</i>	
5	Jan 3	Ricardo Viner – Who gains from trade when one of the factors of production is fixed?	Chapter 4	As Crop Prices Soar Iowa Farms Add Acreage (NYT 2011.12.30)	PS2
6	Jan 10	Midterm	Chapter 9	6:45pm-9pm in person at 1400 16th St.	
7	Jan 17	Tariffs & Trade wars	Chapter 9	Free Trade and the Steel Industry (Milton Friedman on Youtube) , Trump's washing-machine tariffs	
8	Jan 24	Krugman – What is the role of economies of scale in trade?	Chapter 8	What Happened When Two Countries Liberalized Trade? Pain, then Gain (NYT 2005.1.27)	PS3
9	Jan 31	Melitz: Heterogeneous firms and trade – What is the role of the firm in trade?		The Economics of a \$6.75 Shirt (WSJ 2013.5.16) ; Trade Liberalization and Embedded	

				Institutional Reform (Vox2013.1.15)	
10	Feb 7	Presentations + Trade and Labor Market		Trump, Trade and Workers, NYT. 2016.07.04	PS4
11	Feb 10 (Friday)	Review		The long-term jobs killer is not China. It's Automation. NYT.12.21.2016	
12	Feb 14	Final Exam		6:45pm-9pm in person at 1400 16th St.	

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.

Course Website: Copies of the course syllabus, student's grades, and other relevant links and documents will be posted on the course's ELMS/Canvas website. Students can access the site via www.elms.umd.edu. They will need to use their University of Maryland "directory ID" and password.

Contact Hours: Three credit master's-level courses at the University of Maryland require a minimum amount of contact between instructors and students. Our courses' 12 weekly meetings only satisfy 80% of the university's contact requirement. The other 20% is satisfied by weekly mandatory and graded online contact. In principle, the contact hours requirement could be satisfied by scheduling 3 additional 150-minute meetings per term, or 6 additional 75-minute meetings, or 10 additional 45-minute meetings. But in practice the contact hours requirement is satisfied by the weekly online discussions. The weekly online discussions are a more flexible way to ensure that our program's courses in DC provide the same level of student-instructor contact as the traditional 15-week face-to-face version of the same course when it is taught on campus in College Park.

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 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: You will need to go to our classroom suite in DC to take your midterm and final exams. 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 polices 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.