

**ECON 677 – Syllabus**  
**INTERNATIONAL TRADE & APPLICATIONS**  
**The Master of Science in Applied Economics Program**  
**University of Maryland**  
**Spring 2023 – College Park campus**

**Class meetings:** Tuesdays, 6:30 – 9:15 p.m. in **Tydings 2106**.

There will be a 15 minute break around 7:45 – 8:00 p.m.

**Instructor:** Brad McDonald ([bradmed@umd.edu](mailto:bradmed@umd.edu)).

Office hours: Monday 5:00 – 6:00 p.m. via Zoom.

**TA:** Will Leroy [WLeroy@umd.edu](mailto:WLeroy@umd.edu).

Office hours: Wednesdays, 5:00 – 6:00 p.m., Morrill 1106 (or via Zoom).

**Pre-requisites:** ECON 641 (Microeconomic Analysis)

**Co-requisites:** ECON 644 (Empirical Analysis II)

**Course description:** This course introduces students to the study of international trade, trade policy, and trade-related institutions. It will provide students with conceptual tools to understand the causes and implications of international trade and the impact of trade and trade-related policies. We will examine a series of theoretical frameworks to answer important questions such as: Why and what do countries trade? Who are the winners and losers? As we study these conceptual tools we will discuss current U.S. and global trade and trade policy issues, and explore how trade policy analysis is used to assess these issues.

**Learning Outcomes:** This course will blend theory, policy, and empirical work. Although the course will emphasize the understanding of past and current events in the world economy, we will leverage formal economic modeling to help us understand these events. After completing the course, students should be able to understand empirical trade and trade policy papers in international trade, and apply ideas from the literature in your own applied work.

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

Each learning outcome pertains to this course, with more emphasis on outcome 5 than outcome 4.

**Textbooks and other learning material**

- A. The primary text is International Trade: Theory and Policy, Global Edition by Krugman, Obstfeld and Melitz, 12<sup>th</sup> edition (KOM). You must also purchase access to “MyLab” for this textbook.
- B. We will also draw on A Practical Guide for Trade Policy Analysis (PGTPA), published by the UNCTAD and WTO and available (for free) on their websites. (But beware: this is dated.)

- C. Supplementary reading materials will be posted on ELMS/Canvas throughout the course. Students are also encouraged to regularly follow major newspapers / websites (e.g., Financial Times, The Economist) to be familiar with current issues.
- D. Students will likely want access to Stata for the course project.

**Grading:** Final grades for this course will be based on the following assignments and weights, based on the grading scale in Table 1:

A. Midterm exam	20 percent
B. Final exam (comprehensive)	30 percent
C. Problem sets (total 4)	20 percent
D. Online discussions (total 4)	10 percent
E. Project & presentations	20 percent

**The midterm exam and final (comprehensive) exam** will be administered in class. See Course Outline (below) for dates.

**Problem sets** are due (electronically, as a single .pdf file) by 6:00 p.m. on the due date. Students may discuss problem sets among themselves, but each student must submit his/her work separately.

**Online discussions** will help students to develop critical economic thinking. I will assign a total of 4 discussion topics and post them to ELMS/Canvas on selected Wednesdays, and the assignment will be accessible until the next class meeting. Students are encouraged to suggest topics for discussion assignments. Additional guidance:

- Each student must post one original response before commenting on others' posts.
  - Group postings are not accepted, but students may discuss online discussion topics with other students prior to posting.
  - Students should support their argument with economic thinking, not (only) with personal views.
  - I will participate in the weekly online discussions and offer ideas to advance the discussion.
  - Grading of each online discussion is based on participation and content as follows:
    - o Full points: the student makes an original post and supports it with economic thinking.
    - o Partial (half) points: the student makes an original post, but does not support it well.
    - o No points: the student does not participate.
- Constructive comments and questions on others' posts will be weighed positively.

**Project / presentations:** Students will form pairs (of 2) to prepare course projects. (If we have an odd number of students there will be one group of 3, whose work should be somewhat more ambitious.) Each pair may choose from one of two types of topics: **type (a) projects**, which explore the trade policy regime of a *particular country or region*, or **type (b) projects**, which review and analyze a *particular trade and trade policy topic or a specific paper*. The projects will have two stages: (1) a *descriptive* stage, involving a 10-minute class presentation (mid / late February) and (2) an *analytical* stage, involving a 12-15 minute presentation (late April / early May).

➤ **Descriptive stage.**

- For a **type (a) topic**, this involves presenting the main features of the trade policy regime of a particular country or region, drawing on existing sources (e.g., WTO Trade Policy Reviews).
- For a **type (b) topic**, this involves defining a trade or trade policy topic, explaining the relevance of the topic, and describing 3-4 existing (published or unpublished) empirical papers on the topic.

➤ **Analytical stage.**

- For **type (a) topics**, this could involve two or more of the following: (i) replicating and extending several of the descriptive charts and tables in the original source, (ii) applying to the selected country / region several of the specific tools described in the WTO / UNCTAD Practical Guide for Trade Policy Analysis, or other tools (e.g., OECD TiVA), and (iii) a critical examination of an existing empirical trade analysis concerning the country / region.
- For **type (b) topics**, this could involve, for example, (i) from a particular (published or unpublished) paper, read some of the data into Stata, organize and summarize those data, and perform some analysis of those data (e.g., a thorough descriptive analysis of those data and a small regression analysis), or (ii) a careful description and critique of the methods and conclusions of the paper, with indications of how the paper could be improved and/or extended.

➤ **Project modalities.**

- Around the time of the third class meeting (February 14), students should be seriously considering their choice of topic and partner.
- Later that week, you should contact Brad to discuss and get feedback on your plans, and on your preferred class dates for your first and second presentations. (Will can also give feedback and ideas on your plans.) Keep in mind that you might not get your preferred presentation dates.
- Brad and Will can also be available to give feedback on initial drafts; the earlier you approach us, the more likely you will be to get helpful feedback.
- Descriptive presentations will be scheduled for the class meetings on March 28 and April 4. The analytical presentations will be scheduled for the class meetings on April 25, May 2, and May 9.
- The presentations should be posted on ELMS / Canvas 24 hours before the start of the class meeting in which they will be presented, so other students can review them and think of questions / comments to raise during the presentation.
- The descriptive presentation and the analytical presentation will each be assigned 10 percent of your course grade.

**Table 1: Grading Scale**

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

Note: At the instructor's discretion, a letter grade of A+ may be assigned to a few top performers.

**Table 2: Course Outline**  
(tentative and subject to change)

Mtg. #	Date	Main topic	Main reading (KOM)*	Applied topics	Supplementary material	Problem sets; course project
1	1/31	Intro.	Ch 1: Introduction Ch 2: World Trade: Overview	Data & data sources; familiarize with World Bank WITS	Browse WTO, “World Trade Statistical Review,” Ch. 1, 2 Read PGTPA, “Introduction”	
2	2/7	Ricardo	Ch 3 Labor Productivity & Comparative Advantage: The Ricardian Model	Types of applied work in international trade; ideas for course projects	Read IMF, “ <a href="#">Back to Basics: Why Countries Trade</a> ” Browse PGTPA, Ch. 1	
3	2/14	Specific factors	Ch 4: Specific Factors and Income Distribution	Some institutions and history: WTO & more	Browse WTO, 2007 “World Trade Report” pp. 33-49 and 179-200.	Assign PS1
4	2/21	Heckscher-Ohlin	Ch 5: Resources and Trade: The Heckscher-Ohlin Model	The ‘effective rate of protection’; other trade tools and indicators	To be assigned.	PS1 due Agree project topics & presentation dates
5	2/28	Heckscher-Ohlin	Ch 6: The Standard Trade Model	‘Trade in value-added’	To be assigned.	Assign PS2
6	3/7	Extensions	Ch. 7: Ext Econs of Scale & the Int’l Loc of Production	Regional and plurilateral agreements	To be assigned.	PS2 due
7	3/14	Midterm				
No class	3/21	Spring Break				
8	3/28	Extensions	Ch. 8: Firms: Export Decisions, Outsourcing	Trade and workers: The ‘China shock’ Student descriptive presentations (2)	To be assigned.	
9	4/4	Tariffs & Quotas	Ch. 9: The Instruments of Trade Policy	Policy analysis: examples Student descriptive presentations (2)	To be assigned.	Assign PS3

10	4/11	Pol. Econ. of Trade Policy	Ch. 10: The Political Economy of Trade Policy	Policy analysis: examples	To be assigned.	PS3 due
11	4/18	Policy	Ch. 11: Trade Policy in Developing Countries	Numerical modeling: intro to CGE	To be assigned	
12	4/25	Controversies in Trade Policy	Ch. 12: Controversies in Trade Policy	Student analytical presentations	To be assigned	Assign PS4
13	5/2	Trade & Environment	Primary reading to be assigned	Policy analysis: trade & environment Student analytical presentations	To be assigned	PS4 due
14	5/9	Current Issues in Trade	Primary reading to be assigned	Policy analysis examples Student analytical presentations	To be assigned	
15	5/16	Final Exam (comprehensive)				

**\*Note: Additional required and optional reading will be assigned.**

## **Standard Policies**

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.

Additional notes that should appear in all MS in Applied Economics program syllabi:

**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.

**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, you are still responsible for all material covered during the meeting you missed. It is your responsibility to work with study partners, the teaching assistant, and 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've been 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 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>

**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.

**Access to Morrill Hall and Morrill 1102:** Morrill Hall is locked every day from 7:00 p.m. - 7:00 a.m. Your university ID gives you swipe access to the back door of the building. There is keypad access to the door of Morrill 1102. The code will be shared with students by the program coordinator.