

University of Maryland: Master of Science in Applied Economics Program

Syllabus for ECON 677: International Trade and Applications, Spring 2024

College Park Campus, Tydings Hall, Room 2102

Instructor: Dr. Steven Payson, SPayson@umd.edu (The cell number, provided by email, is to be called only during reasonable hours - email is highly preferable.)

In-Person Classroom Time: Wednesday, 6.30 to 9.15 pm, with a 15-minute break in between.

Office Hours: Monday, 5:30-6:30 PM by Zoom, with other days and times possible by appointment. When requesting an office hours appointment at another day and time, students should email the request, stating their available times, at least 24 hours in advance, to ensure that their request will be seen and addressed within a reasonable time.

Online Discussions: Online discussions will be held through asynchronous discussion boards using the ELMS-Discussion utility.

Teaching Assistant: Luis Felipe Jaramillo (lfj@umd.edu)

TA Zoom Office Hours: Tuesday, 5:30-6:30 by Zoom. (Please arrange an appointment beforehand by email.)

Prerequisites: ECON 641, and must have completed, or be currently enrolled in, ECON 644.

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. The course 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 the class studies these conceptual tools it 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, it 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 their 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, 12th edition. Students must also purchase access to “MyLab” for this textbook.
- B. The class will also draw on A Practical Guide for Trade Policy Analysis, published by the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) and available (for free) on their websites.
- C. Supplementary reading materials will be posted on ELMS/Canvas throughout the course. Students are also encouraged to follow major newspapers and websites regularly (e.g., Financial Times, The Economist) to be familiar with current issues.

Required Statistical Software: STATA, version 15 or 16. Note: Stata is not available through Terpware, but many other software packages, including the Microsoft Office suite which includes Microsoft Excel, are available for free or at a discount to University of Maryland students via Terpware: <https://terpware.umd.edu/Windows> or <https://terpware.umd.edu/Mac>.

Stata Purchasing Options: Students in our program are required to purchase Stata. Stata offers different “flavors” and different lengths of licensing. Price varies according to these two factors. Stata also offers discounted pricing for students. Stata/BE is the least expensive version of Stata, and is sufficient version for your coursework in this program. With a single-user license, you can install Stata on up to three computers. Description of all the “flavors” are given here: <http://www.stata.com/products/which-stata-is-right-for-me/>.

The most cost-effective license duration is to purchase a perpetual license (which never expires). The student price for a perpetual Stata/BE license is \$225. The student price for an annual license is \$94, so more expensive if you end up using Stata for longer than 1 year – which you will do just to graduate from our program. Most of our graduates continue to use Stata even after they graduate, so the \$225 perpetual license is worthwhile. Perpetual license holders are also entitled to discounted Stata upgrades in the future. Here is the link for student single-user purchase: <https://www.stata.com/order/new/edu/gradplans/student-pricing/>

Laptop Computer Requirement: Completing some of this course’s requirements will require a laptop computer (not a notebook or a tablet!) with at least 1 GB of RAM and at least 5 GB of free space available on the hard-drive. We recommend laptops with at least a 15-inch screen. Screens smaller than 13 inches are probably not practical.

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, where they will need to use their University of Maryland “directory ID” and password.

Grading: Final grades for this course will be based on the following assignments and weights, based on the grading scale shown below:

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

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

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

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 Word or .pdf file submitted in ELMS) by 11:59 p.m. on the due date.

Online discussions will help students to develop critical economic thinking. The instructor will assign a total of four 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.
- Students should support their argument with economic thinking, not with personal views.
- The instructor 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: Each student 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, and (2) an *analytical* stage, involving a 12-15 minute presentation to the class.

➤ **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 7th), students should be seriously considering their choice of topic.
- Later that week, students should contact the instructor to discuss and get feedback on their plans, and on preferred class dates for their first and second presentations. (The TA can also give feedback and ideas on their plans.)
- The instructor and TA can also be available to give feedback on initial drafts; the earlier students approach the instructor or TA, the more likely they will be to receive helpful feedback.
- Descriptive presentations will be scheduled for the class meeting on March 27th, and the analytical presentations will be scheduled for the class meeting on April 24th.
- 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 analytical presentation will each be assigned 10 percent of the course grade.

UMD Accessibility & Disability Service: The University of Maryland is committed to creating and maintaining a welcoming and inclusive educational, working, and living environment for people of all abilities. The University of Maryland is also committed to the principle that no qualified individual with a disability shall, on the basis of disability, be excluded from participation in or be denied the benefits of the services, programs, or activities of the University, or be subjected to discrimination. The Accessibility & Disability Service (ADS) provides reasonable accommodations to qualified individuals to provide equal access to services, programs and activities. ADS cannot assist retroactively, so it is generally best to request accommodations several weeks before the semester begins or as soon as a disability becomes known. Any student who needs accommodations should contact ADS as soon as possible so that they have sufficient time to make arrangements. For assistance in obtaining an accommodation, contact Accessibility and Disability Service at 301-314-7682, or email them at adsfrontdesk@umd.edu. Information about sharing your accommodation letter, discussing accommodation logistics and getting assistance from ADS staff and more can be found on the ADS website.

Class Schedule (Subject to Revision as the Semester Proceeds)

Readings: K = Krugman, Obstfeld, & Melitz, International Trade: Theory and Policy, Global Edition
M = McDonald, Brad, [“Back to Basics: Why Countries Trade,”](#) IMF, *F&D*, 2009
R = WTO, [World Trade Report, 2007: Sixty Years of Multilateral Trading System](#)
U = UNCTAD, *A Practical Guide for Trade Policy Analysis*
W = [World Trade Statistical Review, 2023](#)

Meeting (#,Date)		Main Topic	Main Reading	Applied Topics	Supplementary Material	Assignments (PS = Problem Set)	
1	1/24	Introduction	K: Ch 1-2	Data & Data Sources; World Bank WITS	W: Ch 1-2; U: Introduction		
2	1/31	Ricardian Model of Labor Productivity and Comparative Advantage	K: Ch 3	Types of applied work in international trade; ideas for course projects	M (full article); Browse: U: Ch 1	PS #1 Assigned	
3	2/7	Specific Factors and Income Distribution	K: Ch 4	Certain institutions and the history of trade	R pages 33-49; 179-200	PS #1 Due 2/8	
4	2/14	Resources and Trade: Heckscher-Ohlin Model	K: Ch 5	Effective rate of protection; Other trade tools and indicators	(to be assigned)	Agreements Reached on Project Topic	
5	2/21	Standard Trade Model	K: Ch 6	“Trade in value-added”	(to be assigned)	PS #2 Assigned	
6	2/28	External Economies & International Location & Production	K: Ch 7	Regional and plurilateral agreements	(to be assigned)	PS #2 Due 2/29	
7	3/6	Midterm Exam					
8	3/13	Export & Outsourcing Decisions; Multi-national Enterprises	K: Ch 8	Trade and workers: The “China shock”	(to be assigned)		
Spring Break (3/17-3/24)							
9	3/27	Instruments of Trade Policy (Tariffs & Quotas)	K: Ch 9	Examples of policy analysis	(to be assigned)	PS #3 Assigned; Student descriptive presentations due in class	
10	4/3	Political Economy of Trade Policy	K: Ch 10	Examples of policy analysis	(to be assigned)	PS #3 Due 4/4	
11	4/10	Trade Policy in Developing Countries	K: Ch 11	Numerical modeling, and introduction to computable general equilibrium (CGE)	(to be assigned)	PS #4 Assigned	
12	4/17	Controversies in Trade Policy	K: Ch 12		(to be assigned)	PS #4 Due 4/18	
13	4/24	Trade and the Environment	(to be assigned)	Examples of policy analysis	(to be assigned)	Student analytical presentations due in class	
14	5/1	Current Issues in Trade	(to be assigned)	Examples of policy analysis	(to be assigned)		
15	5/8	Final Exam (Comprehensive)					

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>. Students should familiarize themselves 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 of the classroom, and the instructor will use it to inform students 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. Students are responsible for reading their @umd.edu email, including ELMS/Canvas Announcements that are sent to the class. Students should make sure that ELMS/Canvas Announcements and messages are forwarded to an email address that they 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. The instructor will do their best to respond to email within 36 hours.

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. In a regular 15-week semester (as in the College Park version of our program): Taking three master's-level courses is supposed to approach the time commitment of a full-time job (~36-39 hours per week, so 12-13 hours per week per course). Taking three master's-level courses while simultaneously working at a demanding full-time job during the day is not advisable. Students with questions about the workload in this program should speak with one of the program directors.

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 students miss any class meetings for any reason, they are still responsible for all material covered during the meeting they missed. It is their responsibility to work with study partners, the teaching assistant, and the instructor to make sure they catch up on the missed material. Instructors routinely facilitate things by posting lecture notes, etc.

If students need to miss an exam or other graded course requirement because of illness, injury, or some other emergency, they should: 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. Students’ university ID gives them 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.