



Econ 4210.100

International Trade

Fall 2016

SYLLABUS

Instructor	Associate Professor Kerem Cosar Monroe Hall Room 242 kerem.cosar@virginia.edu www.keremcosar.com
Lecture	Mo/We 2:00-3:15pm at Nau Hall 211
Office hours	Mo 3:30-5pm, or by appointment
Course webpage	UvaCollab (16F ECON 4210-100)
Teaching assistant	Ms. Devaki Ghose (dg9zf@virginia.edu)
TA office hours	Th 4:30-5:30pm (Monroe basement)
Discussion hours	Physics Bldg 210 (for scheduled days and details, see the end of the syllabus)

Learning objectives and skills

This course examines microeconomic aspects of international trade. At the end of it, you should have an understanding of international trade which will allow you to analyze current issues that are publicly discussed. Note that important aspects of the international economy, exchange rates and financial markets, are *not* covered in this course [to learn about these topics and to complete a sequence in international economics, you may also want to take Econ 4220, International Finance and Macroeconomics]. Specific objectives of Econ 4210, and knowledge points/skills you will acquire by taking it include the following:

Objectives:

- Understanding international economic interactions in a broad context
- Understanding causes and consequences of international trade
- Forming an informed perspective for the public debate on globalization

Knowledge:

- Why do countries trade?
- What are the various reasons allowing countries to exchange products and services in a mutually beneficial way?
- How is inter-national trade different from internal, intra-national trade?
- Who gains and who loses from international trade?
- What are the policy responses to international trade?
- Why do countries negotiate and sign free trade agreements?
- What role does the World Trade Organization play? How does it function?
- Is multinational production complementary or substitutable to international trade?

- How does import competition, export and investment opportunities affect firms?
- Why do multinational companies exist? How do they function?
- How are multinational companies taxed?
- What are the various stages of economic integration between nations and what determines them? What explains the delienation of borders, and the size and shape of countries?

Skills:

- Graphical and mathematical analysis
- Problem solving methods as applied to economic theory
- Ability to apply analytical tools to economic concepts and ideas
- Statistical data analysis and interpretation
- Critical thinking and logic

Prerequisites

While they have not been hard-coded this semester, if you haven't taken Econ 3010 or 3110 (Intermediate/Mathematical Microeconomics), you will find it *very hard* to follow this course. If you took one of them and did not like it, you may not like this course either, but seeing real world applications could give you a different perspective. Econ 3720 (Introduction to Econometrics) is also recommended.

Course material

Required textbook: *International Trade*, by Robert Feenstra and Alan M. Taylor, 3rd edition

The textbook will be supplemented with articles available for downloading from UvaCollab – please check the weekly reading folders in the course website. I will *not* bring printouts of the material posted in UVaCollab to class.

Course requirements and grading

- (i) Six assignments (4% each)
- (ii) Three in-class exams (20% each)
- (iii) Final project (15%)
- (iv) Filling out the teaching evaluation (1%)
- (v) Bonus project (5%)

Note that (i)-(iv) are requirements and add up to 100%. The bonus project can earn you *up to 5* (out of 100) extra points. See below for details.

Assignments

There will be 6 homework assignments. Each assignment must be handed in at the beginning of the lecture on the day that it is due (see below for the schedule of classes, due dates and discussion sessions). Late submissions will not be graded. Assignments are an essential part of the learning process: questions will be challenging.

You are encouraged to work together on your homework assignments, and up to two students may hand in and receive credit together for a given assignment. If students collaborate, both students must understand and contribute to all the work handed in. Copying homework from other students, or failing to fully collaborate on joint assignments, will be regarded as an honor violation.

Please type your answers and hand in a print-out in class. There are no restrictions on the number of pages (minimum or maximum), but be precise and do not write more than what is necessary. Clarity and precision of answers are part of the grading.

Exams

Exams will consist of multiple choice and short answer questions. They are non-cumulative, and cover only material since the previous exam.

Final Project

The final project will be an original work of research and analysis. Further details will be provided later in the semester. Late papers will not be accepted for any reason, so students are encouraged to plan to hand in their project at least one day in advance of the deadline. Up to two students may collaborate on a paper, subject to the same guidelines as with homework assignments.

Bonus Project

The bonus project is based on reading a novella on international trade: the book is *The Choice: A Fable of Free Trade and Protectionism* by Russ Roberts. You can see sample chapters in the following link: <http://russroberts.info/files/Choicechaps1-3.pdf>

The story is that the ghost of the famous 19th century British economist David Ricardo comes back to a town in Illinois just as the United States is about to embark on a policy of protectionism in 1960. The whole book is 116 pages and a fun read. Questions will be posted with the final project. If interested after seeing the questions, you can order the book online or through the bookstore. You can submit this together with the final project, which effectively makes it an optional/bonus question worth of 5 points. Note that submission alone doesn't guarantee 5 credits: it will be graded based on its content and quality as the other assignments.

Re-grade Policy

Homeworks will be graded by the teaching assistant. Grades assigned by the TA are not subject to appeal unless an error was made by the TA (in other words, please don't argue about how many points you think you should have received on a given problem). Your work is expected to be neat and legible, and typing your answers is encouraged. If the TA finds your work too sloppy and/or illegible, it will not be graded, or points will be taken off.

Solutions for all exams, assignments and the final project will be posted in the course website. Your TA will also cover the exam and homework solutions in the discussion sessions (see the schedule dates below). After checking your graded answers against the correct solutions and attending these sessions, if you still have questions, you can discuss these with your TA.

Any re-grade requests for the exams and the final project must be written, and must give substantive reasons why specific questions were graded improperly. I will re-grade the *entire* exam/project and provide a response within one week. The scores may go up or down or remain unchanged as a result of the re-grade. The re-grade outcome is then final.

Lectures

Lecture notes/slides will be posted to UvaCollab, usually no later than the night before the lecture. You are strongly encouraged to print out a copy of the slides before coming to class, so you can follow along and take notes on your copies of the slides.

Posted lecture notes/slides do not contain all the material which will be discussed in class, and failure to attend all lectures means that you are guaranteed to miss important material. Attendance at all lectures is required.

Audio/video recording of lectures is *not* allowed. Please see university guidelines [here](#).

Exam and other accommodations

All students with special needs requiring accommodations should present the appropriate paperwork from the Student Disability Access Center (SDAC) to the instructor. It is the student's responsibility to present this paperwork in a timely fashion and follow up with the instructor about the accommodations being offered. Accommodations for test-taking (e.g., extended time) should be arranged with the instructor at least seven days before each exam.

Class-room Etiquette

Silence and put away all cell phones. If you accept a call during the class, I will ask you to leave the lecture for that day.

Laptops/tablets are allowed, but I encourage you to follow the lectures without using them – printing the slides and taking notes on them/on paper is the most effective way of learning. If you prefer to use technology, I expect you *not* to multi-task on it in a way that is distracting for others. If I notice you typing, messaging and communicating excessively in social media sites, visiting websites with moving images or videos, I will ask you to leave the lecture for that day.

Honor policy

I trust every student in this course to fully comply with all of the provisions of the honor code, which is an institution that provides important benefits to all of us. On every exam and problem set, please write "Pledged", and sign your name. On exams, it is expected that you will neither receive nor give aid, nor access any material other than a non-programmed calculator. Your paper is expected to be original, non-plagiarized work.

All alleged honor violations brought to my attention will be forwarded to the Honor Committee. If, in my judgment, it is beyond a reasonable doubt that a student has committed an honor violation on an exam or homework assignment, that student will receive an immediate grade of zero for that exam or assignment, regardless of any subsequent action taken by the Honor Committee.

Econ 4210.100, Fall 2016, Lecture Schedule

Lecture #	Date	Topic	Content / model	Reading	Assignment #
1	8/24 - Wed 8/29 - Mon	The global economy	Historical background, concepts, statistics Markets: integration and segmentation with frictions	FT Chapter 1	1 (due 9/5)
2 & 3	8/31 - Wed 9/5 - Mon 9/7 - Wed 9/12 - Mon 9/14 - Wed	Sources of trade: Countries and comparative advantages	Technology and the Ricardian model Endowments and the Heckscher-Ohlin model	FT Chapter 2 FT Chapter 4.1-2	2 (due 9/21)
	9/19-21	No class			
4	9/26 - Mon 9/28 - Wed 10/5 - Wed	Distributional impact of trade	Short-run: when factors of production are immobile Long-run: when factors of production are mobile	FT Chapter 3 FT Chapter 4.3, 7.1	
		1st Exam			
5	10/10 - Mon 10/12 - Wed 10/17 - Mon	Trade policy	Policies under perfect and imperfect competition	FT Chapters 8-9	3 (due 10/24)
6	10/19 - Wed 10/24 - Mon 10/26 - Wed	Sources of trade: Firms and imperfect competition	Increasing returns and monopolistic competition	FT Chapter 6.1-2; supplementary reading	4 (due 10/31)
	10/31 - Mon 11/2 - Wed	Exam preparation	Applications from lectures 5 & 6		
		2nd Exam			
7	11/7 - Mon 11/9 - Wed 11/14 - Mon	Multinational firms	Horizontal and vertical foreign direct investment	Supplementary reading	5 (due 11/16)
8	11/16 - Wed 11/21 - Mon	Taxation in a global economy	Corporate tax systems, tax competition Transfer pricing	Supplementary reading	6 (due 11/30)
9	11/28 - Mon 11/30 - Wed	Equilibrium borders	Trade and the determination of borders	Supplementary reading	
	12/5 - Mon	Exam preparation	Applications from lectures 7-9		
		3rd Exam			

Discussion sessions, Econ 4210.100, Fall 2016

Th 6-8pm at Physics Bldg 210

Note that the two sessions (4210.101-102) posted in Lou's list are one block!

Teaching assistant: Ms. Devaki Ghose (dg9zf@virginia.edu)

Discussions sessions will only be held at the dates scheduled below --- for other questions to your TA, please attend her weekly office hours.

Date	Content
9/8	Solutions to/discussion of Assignment 1
9/22	Solutions to/discussion of Assignment 2
9/29	Preperation for Exam 1, solutions to/discussion of sample questions
10/6	Solutions to/discussion of Exam 1
10/27	Solutions to/discussion of Assignment 3
11/3	Solutions to/discussion of Exam 2
11/17	Solutions to/discussion of Assignment 5
12/1	Solutions to/discussion of Assignment 6
	Preperation for Exam 3, solutions to/discussion of sample questions