



Econ 4210.100

International Trade

Spring 2017

SYLLABUS

Instructor	Associate Professor Kerem Cosar Monroe Hall Room 242 kerem.cosar@virginia.edu www.keremcosar.com
Lecture	Tue/Thu 2:00-3:15pm
Office hours	TBA
Course webpage	UvaCollab (TBA)
Teaching assistant	Ms. Devaki Ghose (dg9zf@virginia.edu)
TA office hours	TBA
Discussion hours	TBA

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?

Skills:

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

Prerequisites

If you haven't taken Econ 3010 or 3110 (Intermediate/Mathematical Microeconomics), you will find it *very hard* to follow this course. In various sections of the course, I simply assume that you know certain concepts from intermediate micro and build upon them.

Course material

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

Slides will be posted in UVaCollab prior to each lecture. They contain material beyond what is in the book. You are strongly encouraged to take print-outs prior to each lecture so that you can follow along and take notes on your copy of slides. I will *not* bring printouts to class.

Posted lecture slides do not contain all the material which will be discussed in class: I use the board for some derivations and graphs, and bring up some topics for discussion, so failure to attend lectures means that you are guaranteed to miss important material.

Course requirements and grading

- (i) Six assignments (4% each)
- (ii) Two in-class exams (20% each)
- (iii) Final exam (20%)
- (iv) Project (15%) due April 13th
- (v) Filling out the teaching evaluation (1%)

Assignments

There will be 6 homework assignments. They are an essential part of the learning process: questions will be challenging. Solutions will be posted after submission and your teaching assistant will explain them in detail in discussion sessions. Please check the instructions in each assignment.

Copying homework from other students will be regarded as an honor violation.

Exams

Exams will consist of multiple choice and analytic questions, with most of the weight on the latter. They are non-cumulative, and cover only material since the previous exam, including the final.

Project

The 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.

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 (but not mandatory). If the TA finds your work too sloppy and/or illegible, points will be taken off. Solutions for all exams and assignments will be posted in the course website. Before an appeal, check your answers against the correct solutions and attend the discussion sessions.

Any re-grade requests for the exams and the 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.

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.

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

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.

Lecture topics and rough outline

1. Introduction (2 lectures)
 - Key concepts and statistics, historical background

2. Sources of trade: Countries and comparative advantages (6-7 lectures)
 - Technology and the Ricardian model
 - Endowments and the Heckscher-Ohlin model

3. Distributional impact of trade (2-3 lectures)
 - Short-run: when factors of production are immobile
 - Long-run: when factors of production are mobile

4. Trade policy (6-7 lectures)
 - Policies under perfect and imperfect competition

5. Sources of trade: Firms and imperfect competition (2 lectures)
 - Increasing returns and monopolistic competition

6. Multinational firms (3-4 lectures)
 - Horizontal and vertical foreign direct investment
 - Taxation in a global economy: corporate tax systems, tax competition and transfer pricing

7. Equilibrium borders (1 lecture)
 - Trade and the determination of borders