

Syllabus for Econ 475
(updated on August 31st)

Econ 475
International Trade Theory
Fall 2022

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SCHEDULE

Class: Tuesday and Thursday, 9:30 am – 10:50 am, Chancellors Hall 133

Office hours: Tuesday and Thursday, 2:00 pm to 3:00 pm, Chancellors Hall 268.

TEXTBOOK

Feenstra, R., and Taylor, A. *International Trade*. Worth MacMillan. (Available in the bookstore)

Additional readings will be posted in Blackboard as needed

COURSE GRADE

Homework – Trade Theory	20%
Potential grades: check plus, check, and check minus.	
Homework – Policy applications (teams)	10%
Exam 1	20%
Exam 2	40%
Attendance and participation	10%

ASSIGNMENTS AND EXAM INFORMATION

- **Due date.** Assignments are due by 11:59 pm on the day of the deadline (see information for the dates below).
- You solve and submit the assignments individually.
- **How to submit.** The submission of all assignments is electronic via Blackboard: you will solve the assignment on paper and scan it (a tablet is acceptable). **The assignment must be submitted in a single pdf document. Failure to do so will result in a reduction of 10 points. I do not accept late assignments.**

Homeworks.

- a. Theory homework 1. Ricardian Model, theory
- b. Theory homework 2. Inequality and trade, theory
- c. Policy homework 1. How international trade theory informs policy (team of 2 students)
- d. Theory homework 3. Firms and trade, theory
- e. Theory homework 4. Trade policy: tariffs, subsidies, quotas, industrial policy.
- f. Policy homework 2. The impact of trade policy on individuals (team of 2 students)

Note: Homework deadlines are defined by the pace of our course. International Trade Theory has challenging material; therefore for pedagogical reasons, I will not rush the material to reach the homework deadlines. Rather, I adjust the homework dates to match the material.

Once I upload an assignment, I will give you 7 to 10 days to complete it. **I do not accept late submissions.**

Exams. The dates of the exams will be the following:

- a. Midterm Exam. October 20th, in class (**80 minutes**).
- b. Final Exam. December 12th, 9:00 am (**120 minutes**)

Attendance and participation

I expect all students to attend class every day and participate frequently. If a student attends all classes, but they do not participate, they will see participation points reduced substantially. **I will monitor participation in detail.**

Emergency extensions

If you experience a family or personal emergency, or extenuating circumstances prevent you from completing an assignment on time, you have the right to one 24-hour extension on homework assignments. **To obtain the extension, you must email me 24 hours before the deadline of the assignment.** I kindly ask you not to abuse this policy. **I will reject requests that do not satisfy the 24-hour in advance notice.**

GRADES

The following cutoffs will define the differences between grade letters

- A: You need at least 95 points.
- A-: You need at least 90 points.
- Some type of B: You need at least 80 points.
- Some type of C: You need at least 70 points.
- Some type of D: You need at least 60 points.

Although I have strict cutoffs, getting an A is feasible. On one occasion, 40% of the class got some type of A. The average IR/Economics student can do very well in 400-level economics courses.

EXAMS

My exams. I test mathematical theory, economic intuition and your capacity to explain economic concepts concisely. I use real business or real policy issues. Why?

- i) Your future job as a policy or business analyst is to explain difficult concepts to your future bosses or clients, based on real life events.
- ii) Excellent policy makers or business analysts know theory, and intuition and have very good [communication skills](#).

TOPICS OF THE COURSE

Part A. Classical international trade models: comparative advantage

1. **The Ricardian Model.**

In the book: Chapter 2. Trade and Technology: The Ricardian Model.

Part B. Classical international trade models: inequality and trade

2. **Specific-Factors Model. In the book:** Chapter 3. Gains and Losses from Trade in the Specific-Factors Model

3. **Heckscher-Ohlin-Vanek Model.**

In the book: Chapter 4. Trade and Resources: The Hecksher-Ohlin Model.

Part C. Firms and trade

4. **Increasing Returns to Scale, Monopolistic Competition, Melitz Model.**

In the book: Chapter 6. Increasing Returns to Scale and Monopolistic Competition.

5. **Industrial policy (taught after we finish trade policy).**

In the book (partially): Chapter 10. Export Subsidies in Resource-Based and High Technology Industries. I will add some readings in this section. I will add some readings in this section.

Part D. Trade Policy

6. **Trade Policy under Perfect Competition.**

In the book: Chapter 8: Import Tariffs and Quotas Under Perfect Competition.

7. **Trade Agreements.**

In the book: Chapter 11. International Agreements: Trade, Labor and the Environment. I will add some readings in this section. I will add some readings in this section.

SOME ADVICE FOR THIS COURSE

Office hours. The objective of office hours is to help you understand specific parts of the material that take more time to understand. Office hours are an opportunity for you to clarify concepts. I do not repeat the previous class during office hours; rather I clarify concepts you struggle to understand. To take advantage of the office hours, you must come with specific questions about the material, hence you must review the material before coming to my office hours.

General advice. My best students, who have obtained an A in this course and have written the best policy report, tend to do the following:

- Review the material each week.
- Review Intermediate Microeconomic Theory concepts if they struggle with Econ 303.
- Re-write their notes the day after each class and email me questions or come to my office with specific questions.
- **They work in teams.**
- They have a calendar.
- This course requires weekly effort.
- The students do not memorize concepts; they do a continuous effort to understand the concepts.

Advice for problem sets. The problem sets in this class will have standard theoretical questions. The assignments with policy questions also need a good understanding of economic theory, since you need to explain in plain words the concepts discussed in the policy scenario.

It takes time for the brain to understand economic theory. Therefore, you should not solve the problem sets the last minute.

Advice to study for exams. I strongly encourage you to do the following things to do well in my exams:

- i. Review the concepts of this class every week. You have many assignments and responsibilities, the material is extensive, and I will ask questions that test your knowledge, not memorization skills.
- ii. Do not study for the exam last minute.
- iii. Create a cloud of ideas. Make a list or a cloud of ideas of all the topics. This will allow your brain to organize all the material.
- iv. Solve the practice exam under test conditions. Sit down at your desk and solve the practice exam in 80 or 120 minutes (depending on whether it is a midterm or a final). Then verify which topics you struggle with.

IMPORTANT ANNOUNCEMENTS

Health circumstances

I understand that it might be possible that health-related circumstances can prevent you from submitting an assignment or being present in an exam. If this is the case, I will provide accommodations. These accommodations can be only be accessed with the submission of proper documentation. Please contact the [Student Health Center](#) for any health issues that prevent you from attending class or submitting assignments.

Mental health

William & Mary recognizes that students juggle different responsibilities and can face challenges that make learning difficult. There are many resources available at W&M to help students navigate emotional/psychological, physical/medical, material/accessibility concerns, including:

- The W&M Counseling Center at (757) 221-3620. Services are free and confidential.
- The W&M Health Center at (757) 221-4386.
- For additional support or resources & questions, contact the Dean of Students at 757-221-2510.



Extenuating non-health circumstances caused by pandemic COVID-19

If there is an extenuating circumstance that prevents you from attending class for more than two weeks, please do the following:

- Contact me via email
- If the issue is health-related, please contact the [Student Health Center](#)
- For any other issues, please contact the [Dean of Students](#) office

Student Accessibility Services

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas.

Honor Code

"The College of William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the College, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The Student Handbook (www.wm.edu/studenthandbook) includes your responsibilities as a student and the full Code. Your full participation and observance of the Honor Code is expected. To read the Honor Code, see www.wm.edu/honor"

SOME REMINDERS FOR MY CLASS

- **Honor Code.** **I take very seriously the Honor Code in this class.** If I suspect plagiarism or cheating in any assignment, I will follow the [guidelines](#) established by the Dean of Students.
- **Electronic devices.** Please silence your cell phones, pagers, tablets, sports bands, sports watches, etc. It is obvious if you watch YouTube videos on your phone, laptop, or tablet during class. It distracts your classmates and the instructor. Please refrain from doing so.
- **Homework assignments.** I expect you to submit the homework assignments individually.
- **Submission of assignments.** The submissions of the assignments will be online. **The assignment should be submitted by 11:59 pm of the day specified in the syllabus**, or by the instructor in case there were any adjustments.
- **Exams.**
 - o You should work in the exam alone.
 - o I expect the exam to be closed book (unless otherwise indicated).
 - o If we switch to online courses, there might be adjustments to these rules.
 - o You should turn off your phones during the exam.