

ECO 395L COURSE SYLLABUS

INTERNATIONAL TRADE (34005, 34010, 34013,34014,34015, AND 34016)

Instructor

Prof. Shalah M. Mostashari

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Office hours: Zoom Office Hours Tuesdays and Thursdays 1-2 or by appointment

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Lecture: TTH, 3:30 p.m.-5:00 p.m., BUR 220

Course objectives

This course should enhance the student's ability to make informed decisions involving international economic issues. Lectures will emphasize the main theoretical models in international trade with frequent applications to the current international economic environment.

We will first look at the main theories that explain international trade in goods and services as well as the movement of factors of production (labor and capital) across borders. We then look at the various instruments governments have available to limit movements of goods and services across borders and analyze the objectives and consequences of using these policies. We also study the roles of trade blocs such as the European Union and international organizations such as the World Trade Organization.

Key issues in the course will be:

- The Gains from Trade
- Explanations of the Pattern of Trade and Factor Movement
- Trade Policy and Protectionism
- Globalization: Winners and Losers

Prerequisite: Graduate standing is required for this course. Knowledge of multivariable calculus is assumed.

Required textbook

The required textbook for the course is International Trade, 4th edition, by Robert C. Feenstra and Alan M. Taylor. This is an excellent undergraduate textbook which we will supplement with notes and other readings.

Additional Reading

Another excellent undergraduate text is International Trade: Theory and Policy, 10th edition, Paul R. Krugman, Maurice Obstfeld, and Marc Melitz (KOM). Pearson Publishers.

Any other additional readings, which may include scholarly articles or current news publications, will be provided on Canvas.

Grading

Your overall course score will be a weighted average of the percentage scores you receive on each of the graded components of work, with the following weights:

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|--------------------------------|-----|
| • Exam 1 (Tuesday October 13) | 25% |
| • Exam 2 (Thursday December 3) | 25% |
| • Problem Sets | 50% |

Hybrid Course Information

This course is designated as a Hybrid Course with a Remote Only option. My plan is to deliver lectures in person at the scheduled time and location until Thanksgiving Break. These lectures will be recorded by the Lectures Online system. If health conditions change or I have a personal emergency, I may opt to pre-record some lectures and post these on Canvas.

All graded components (Exams and Problem Sets) will be submitted online through Canvas. If you are in a different time zone and in need of alternative exam times, please contact me as soon as possible and let me know.

Class Days After Thanksgiving

After Thanksgiving break the course will be fully remote. The lecture for Tuesday December 1 will be pre-recorded. The second and final exam will be on Thursday December 3.

Lectures Online or Pre-Recorded Lectures

This class will use the Lectures Online recording system. This system records the audio and video material presented in class for you to review after class. Links for the recordings will appear in the Lectures Online tab on the Canvas page for this class. You will find this tab along the left side navigation in Canvas.

To review a recording, simply click on the Lectures Online navigation tab and follow the instructions presented to you on the page. You can learn more about how to use the Lectures Online system at <http://sites.la.utexas.edu/lecturesonline-test/students/how-to-access-recordings/>. Note: these lectures typically post a few hours after the live lecture.

For some lectures I may opt to pre-record at home. The way to access the appropriate lecture for that day will be clearly indicated on the Course Daily Schedule on Canvas.

Zoom Office Hours

I will host Zoom Office Hours on Tuesdays and Thursdays from 1-2 or by appointment. In order to avoid wasting time, I will ask students to sign up for office hours via a sign-up sheet that will be posted on Canvas at least two hours prior to their appointments.

Lecture slides and other posted material

Lecture slides for each topic will be posted on Canvas before we start the topic. Lecture slides include power point outlines of concepts, graphical analysis, equations, and graphs of data.

Other Important Policies:

Safety and Class Participation/Masks: We will all need to make some adjustments in order to benefit from in-person classroom interactions in a safe and healthy manner. Our best protections against spreading COVID-19 on campus are masks (defined as cloth face coverings) and staying home if you are showing symptoms. Therefore, for the benefit of everyone, this means that all students are required to follow these important rules.

- **Every student must wear a cloth face-covering properly in class and in all campus buildings at all times.**
- **Students are encouraged to participate in documented daily symptom screening.** This means that each class day in which on-campus activities occur, students must upload certification from the symptom tracking app and confirm that they completed their symptom screening for that day to Canvas. Students should not upload the results of that screening, just the certificate that they completed

it. If the symptom tracking app recommends that the student isolate rather than coming to class, then students must not return to class until cleared by a medical professional.

- Information regarding [safety protocols with and without symptoms](#) can be [found here](#).
- If a student is not wearing a cloth face-covering properly in the classroom (or any UT building), that student must leave the classroom (and building). If the student refuses to wear a cloth face covering, class will be dismissed for the remainder of the period, and the student will be subject to disciplinary action as set forth in the university's Institutional Rules/General Conduct 11-404(a)(3). Students who have a condition that precludes the wearing of a cloth face covering must follow the procedures for [obtaining an accommodation](#) working with [Services for Students with Disabilities](#).

Sharing of Course Materials is Prohibited: No materials used in this class, including, but not limited to, lecture hand-outs, videos, assessments (quizzes, exams, papers, projects, homework assignments), in-class materials, review sheets, and additional problem sets, may be shared online or with anyone outside of the class unless you have my explicit, written permission. Unauthorized sharing of materials promotes cheating. It is a violation of the University's Student Honor Code and an act of academic dishonesty. I am well aware of the sites used for sharing materials, and any materials found online that are associated with you, or any suspected unauthorized sharing of materials, will be reported to Student Conduct and Academic Integrity in the Office of the Dean of Students. These reports can result in sanctions, including failure in the course.

Class Recordings: Class recordings are reserved only for students in this class for educational purposes and are protected under FERPA. The recordings should not be shared outside the class in any form. Violation of this restriction by a student could lead to Student Misconduct proceedings.

COVID Guidance

To help keep everyone at UT and in our community safe, it is critical that students report COVID-19 symptoms and testing, regardless of test results, to [University Health Services](#), and faculty and staff report to the [HealthPoint Occupational Health Program](#) (OHP) as soon as possible. Please see this [link](#) to understand what needs to be reported. In addition, to help understand what to do if a fellow student in the class (or the instructor or TA) tests positive for COVID, see this [University Health Services link](#).

Tentative Schedule of Topics

1. Trade in the Global Economy (F&T Chapter 1)

Basics of trade models and measurement of trade. Historical trends in international trade, reasons for trade, and barriers to trade. Trends in labor migration and foreign direct investment.

2. Ricardian Model of Trade (F&T Chapter 2)

Comparative advantage, absolute advantage, gains from trade. PPFs and Indifference Curves. Autarky (no trade) equilibrium. International trade equilibrium. Gains from trade seen with real wages, indifference curves, terms of trade. Home export supply curve, foreign import demand curve, and international trade equilibrium prices. Multi-good Ricardian model with trade costs.

3. The Specific Factors Model (F&T Chapter 3)

Technology assumptions, gains from trade and distributions of gains from trade.

4. Trade and Resources: The Heckscher-Ohlin Model (F&T Chapter 4)

Factor intensity, factor abundance and the Heckscher-Ohlin (HO) Theorem. Gains from trade, distribution of the gains from trade, and the Stolper-Samuelson Theorem. Factor Price Equalization. Testing the HO Model and the Leontief Paradox. Attitudes towards trade. Skilled biased technological change. Extensions.

5. Factor Migration (F&T Chapter 5)

Effects of immigration and FDI in the short and long run on real factor prices. Gains from factor migration. Firm decisions regarding FDI.

6. Increasing Returns to Scale (F&T Chapter 6, KOM Chapter 8)

Monopoly, monopolistic competition, increasing returns to scale, and love of variety review. The increasing returns to scale equilibrium in autarky and trade. Gains from trade in the monopolistic competition model. Intra-industry trade, and firm heterogeneity.

7. Import Tariffs and Quotas under Perfect Competition (F&T, Ch. 8)

World Trade Organization (WTO) and General Agreement of Trade and Tariffs (GATT) provisions and history. Consumer, producer surplus and welfare. Effect of import tariffs on small and large countries. Effects of import quotas on a small country.

8. Import Tariffs and Quotas under Imperfect Competition (F&T, Ch. 9)

Tariffs and quotas under home monopoly and under foreign monopoly. Dumping and policy responses to dumping. Infant industry protection.

9. International Agreements: Multilateral versus Regional Trade Agreements, International Agreements on Labor and the Environment (F&T, Ch 11)

Multilateral trade agreements, regional trade agreements, trade creation and trade diversion. Trade and labor right. Trade and the environment: pollution haven hypothesis and evidence of impact of environmental regulation on firm location.