

# ECON 370

## International Trade

Summer 2018, May 14 - June 8

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**Instructor:** Debasmita Das  
**E-mail:** das57@purdue.edu  
**Office Location:** KRAN B024J  
**Lectures:** Mon - Fri, 3.20 - 5.30 pm, RAWL 1011  
**Office Hours:** TBD, and by appointment  
**Course Website:** Blackboard, <https://mycourses.purdue.edu/>

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### Course Description:

This course will analyze the causes and consequences of international trade. We start by studying why nations trade, what they trade, and who gains (or not) from this trade. We will then analyze the motives for countries or organizations to restrict or regulate international trade and study the effects of such policies on economic welfare. The course will also cover topics such as effects of trade on economic growth and wage inequality, international trade agreements and current trade policy disputes. At the completion of this course, students will be able to:

- Gain factual knowledge about international trade
- Understand and examine trade related policy questions
- Respond intelligently to popular discussions of economic issues

**Prerequisite(s):** ECON 251, ECON 252.

### Course Materials:

The following textbooks are not strictly required but they are recommended:

- [FT] Feenstra and Taylor, "International Trade", 3rd or previous edition
- [CFJ] Caves, Frankel and Jones, "World Trade and Payments", 9th or previous edition

### Course Requirements:

#### Assignments (35%)

There will be 4 problem sets assigned throughout the course. Students are encouraged to work on these problems together. However, everyone must turn in his/her own written solution to the problems at the beginning of the class on the due date.

**No late assignments will be accepted under any circumstances.**

Due Dates:

HW1 - May 21 (10%)

HW2 - May 29 (10%)

HW3 - June 4 (10%)

HW4 - June 7 (5%)

### Quizzes (15%)

There are several unannounced pop quizzes given at the beginning of class. Quiz questions are based on the previous lecture's material or reading assignment. Quizzes are **open book, open notes**, however students are not allowed to use any electronic device (phone, laptop etc.).

**One quiz score (the least scored quiz) will be dropped. No make up quizzes will be given.**

### Project (10%)

Students are to work on an empirical project independently and submit a report (no more than 3 pages, 11 pts, 1.5 spaced, including the graphs/tables). The project will be **due on June 4**. The objective of the project is to learn how to collect and analyze international trade related data. The guidelines will be provided in class.

### Final Exam (40%)

The final exam is given in class on **Friday, June 8 (closed notes, closed books)**. The exam will cover all the course material.

**No make-up exam will be given, so plan accordingly.**

### Letter Grade Distribution:

$\geq 95.00$	A +	65.00 - 69.99	C+
90.00 - 94.99	A	60.00 - 64.99	C
85.00 - 89.99	A-	55.00 - 59.99	C-
80.00 - 84.99	B+	50.00 - 54.99	D
75.00 - 79.99	B	$\leq 49.99$	F
70.00 - 74.99	B-		

## Tentative Course Outline:

The coverage might change as it depends on the progress of the class.

Lecture	Date	Day	Topic	Reference
1	May 14	M	Basic concepts related to International Trade	[FT] Ch 1, [CFJ] Ch 1
2	May 15	T	Ricardian Model	[FT] Ch 2
3	May 16	W	Ricardian Model	[FT] Ch 2
4	May 17	R	Specific factors model	[FT] Ch 3, [CFJ] Ch 6
5	May 18	F	Specific factors model	[FT] Ch 3, [CFJ] Ch 6
6	May 21	M	Heckscher-Ohlin Model, <b>HW 1 Due</b>	[FT] Ch 4, [CFJ] Ch 7
7	May 22	T	Heckscher-Ohlin Model	[FT] Ch 4, [CFJ] Ch 7
8	May 23	W	Movement of Labor and Capital	[FT] Ch 5
9	May 24	R	Movement of Labor and Capital	[FT] Ch 5
10	May 25	F	Outsourcing Vs Offshoring	[FT] Ch 7
	May 28	M	NO CLASS	
11	May 29	T	Increasing Returns to Scale, <b>HW 2 Due</b>	[FT] Ch 6
12	May 30	W	Increasing Returns to Scale	[FT] Ch 6
13	May 31	R	Tariffs and quotas: perfect competition	[FT] Ch 8
14	June 1	F	Tariffs and quotas: imperfect competition	[FT] Ch 9
15	June 4	M	Export Subsidies, <b>HW 3 and Project Due</b>	[FT] Ch 10
16	June 5	T	Trade Agreements	[FT] Ch 11, [CFJ] Ch 14
17	June 6	W	Trade and Geography	Lecture Notes
18	June 7	R	Trade and Geography, <b>HW 4 Due</b>	Lecture Notes
	June 8	F	<b>Final Exam in class</b>	

## **Purdue Policy:**

### **Attendance**

Students are expected to be present for every meeting of the classes in which they are enrolled. Only the instructor can excuse a student from a course requirement or responsibility. When conflicts or absences can be anticipated, such as for many University sponsored activities and religious observations, the student should inform the instructor of the situation as far in advance as possible. For unanticipated or emergency absences when advance notification to an instructor is not possible, the student should contact the instructor as soon as possible by email, or by contacting the main office that offers the course. When the student is unable to make direct contact with the instructor and is unable to leave word with the instructor's department because of circumstances beyond the student's control, and in cases of bereavement, the student or the student's representative should contact the Office of the Dean of Students. The link to the complete policy and implications can be found at : <http://www.purdue.edu/odos/services/classabsence.php>

### **Grief Absence Policy for Students**

Purdue University recognizes that a time of bereavement is very difficult for a student. The University therefore provides the following rights to students facing the loss of a family member through the Grief Absence Policy for Students (GAPS). GAPS Policy: Students will be excused for funeral leave and given the opportunity to earn equivalent credit and to demonstrate evidence of meeting the learning outcomes for misses assignments or assessments in the event of the death of a member of the student's family.

### **Violent Behaviour Policy**

Purdue University is committed to providing a safe and secure campus environment for members of the university community. Purdue strives to create an educational environment for students and a work environment for employees that promote educational and career goals. Violent Behavior impedes such goals. Therefore, Violent Behavior is prohibited in or on any University Facility or while participating in any university activity.

### **Students with Disabilities**

Purdue University is required to respond to the needs of the students with disabilities as outlined in both the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 through the provision of auxiliary aids and services that allow a student with a disability to fully access and participate in the programs, services, and activities at Purdue University.

If you have a disability that requires special academic accommodation, please make an appointment to speak with me within the first week of the semester in order to discuss any adjustments. It is important that we talk about this at the beginning of the semester. It is the student's responsibility to notify the Disability Resource Center (<http://www.purdue.edu/drc>) of an impairment/condition that may require accommodations and/or classroom modifications.

### **Emergencies**

In the event of a major campus emergency, course requirements, deadlines and grading percentages are subject to changes that may be necessitated by a revised semester calendar or other

circumstances beyond the instructor's control. Relevant changes to this course will be posted onto the course website or can be obtained by contacting the instructor via email or phone. You are expected to read your @purdue.edu email on a frequent basis.

### **Nondiscrimination**

Purdue University is committed to maintaining a community which recognizes and values the inherent worth and dignity of every person; fosters tolerance, sensitivity, understanding, and mutual respect among its members; and encourages each individual to strive to reach his or her own potential. In pursuit of its goal of academic excellence, the University seeks to develop and nurture diversity. The University believes that diversity among its many members strengthens the institution, stimulates creativity, promotes the exchange of ideas, and enriches campus life. Purdue University prohibits discrimination against any member of the University community on the basis of race, religion, color, sex, age, national origin or ancestry, marital status, parental status, sexual orientation, disability, or status as a veteran. The University will conduct its programs, services and activities consistent with applicable federal, state and local laws, regulations and orders and in conformance with the procedures and limitations as set forth in Executive Memorandum No. D-1, which provides specific contractual rights and remedies.

### **Purdue University Code of Honor**

The purpose of the Purdue University academic community is to search for truth and to endeavor to communicate with each other. Self-discipline and a sense of social obligation within each individual are necessary for the fulfillment of these goals. It is the responsibility of all Purdue students to live by this code, not out of fear of the consequences of its violation, but out of personal self-respect. As human beings we are obliged to conduct ourselves with high integrity. As members of the civil community we have to conduct ourselves as responsible citizens in accordance with the rules and regulations governing all residents of the state of Indiana and of the local community. As members of the Purdue University community, we have the responsibility to observe all University regulations. To foster a climate of trust and high standards of academic achievement, Purdue University is committed to cultivating academic integrity and expects students to exhibit the highest standards of honor in their scholastic endeavors. Academic integrity is essential to the success of Purdue University's mission. As members of the academic community, our foremost interest is toward achieving noble educational goals and our foremost responsibility is to ensure that academic honesty prevails.

### **Adverse Weather Conditions**

The University takes into consideration local and regional weather conditions, travel conditions and decisions by local school districts when deciding whether to delay, dismiss or cancel classes and/or routine operations for an entire campus due to Adverse Weather Conditions. When conditions warrant, a decision to delay, dismiss, or cancel classes and/or routine operations is coordinated with appropriate local city, county or state officials and communicated to faculty, staff and students of the affected campus. The decision to delay, dismiss or cancel classes and/or routine operations for the West Lafayette campus is made by the President and for each of the Regional Campuses it is made by the Chancellor. The President and the Chancellors will each assign a designee for such purposes to act in his or her absence.