
ECON 410—INTERNATIONAL TRADE

Winter 2022

Online Course

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Department of Accounting, Economics, and Finance



Framingham
State University



Office Hours:

Tuesday, Thursday: 8:30-10:00 AM, by appointment, via Zoom

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COURSE OVERVIEW

Official Course Description

An analysis of the foundations and principles of international trade. Specific topics include: comparative advantage, terms of trade, factor movements, tariffs and protectionism.

Course goals and learning objectives

The concept of international trade conjures up images of old trading routes and ships in far-fetched corners of the world. However, along with international financial flows and migration, international trade has made globalization a reality that touches all aspects of our daily lives. Countries, and the fortunes of their citizens, rise and fall with their success in international markets. There has been hardly a more appropriate time to study free trade in recent history. We are currently at a crossroads and the future of globalization hangs in the balance. Today, supporters and opponents of free trade point to it as the culprit and/or the solution to the economic ailments of the working class throughout the world.

This course provides an intermediate understanding of international trade and its implications for economic development. The first half of the course presents the main theoretical approaches to international trade: The Classical Ricardian model, The Factor-Endowments Model, and contributions from the New Trade Theory. We will explore the effects of tariff and non-tariff barriers to free trade. With the theoretical background at hand, the second half of the course considers practical concerns of modern international trade. Issues like the regionalization of trade, its regulation, industrial policies, and the role of developing countries in a free trade world are discussed in detail in this portion of the course.

By the end of this course, students should:

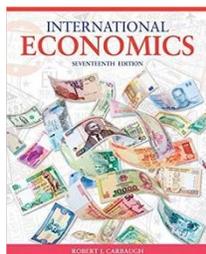
- Have a good knowledge and understanding of the main theoretical approaches to international trade, and how they relate to the realities of international trade today.
- Be able analyze and critique arguments for and against free trade and/or protectionism.

- Be familiar with the collection and analysis of quantitative and qualitative data on international trade, as well as methods to effectively present and discuss these data.

CLASS EXPECTATIONS

- ♣ All work submitted must be original. Plagiarism is a serious academic violation (see the University's Academic Honesty Policy below). *Plagiarized assignments automatically receive a grade of zero* and are reported to the Dean of Students.
- ♣ Students are expected to keep up with class readings and to participate actively in class by posting on the respective discussion boards.
- ♣ Students are *strongly encouraged* to e-mail or call me with questions or concerns about the course, or just to talk to me. Please note that e-mails are most likely to be answered during business hours. That is, students may expect a prompt response Monday through Friday until 6pm. Questions about assignments are mostly likely to be answered when posed in advance (i.e. please don't e-mail me about an assignment just hours before it is due—I might not get your message in time to respond).
- ♣ Power Point presentations and other materials will be posted on a regular basis for each section. Please make sure to review these thoroughly and contact me with any questions.
- ♣ Students are expected to frequently check their blackboard account and their official Framingham State e-mail address for course updates and other notices. I will use your official e-mail addresses for communication.

TEXTBOOK, ETC.



The main textbook we will use for this course is Robert Carbaugh's "International Economics", Seventeenth Edition. This textbook is required, and available from the university's bookstore, as well as from other online sources. In addition to the main textbook, we will rely on newspaper and/or journal articles as outlined in the tentative course schedule below. Article and textbook readings are required, unless stated otherwise.

It is critical and expected that *everyone* has access to the book and articles, and keeps up with the assigned readings for each class. Please note that all homework assignments will be completed on the course's Canvas page. The tentative schedule provided at the end of the syllabus lists the main reading assignments for each week. Additional short readings from other sources (e.g. WSJ, The Economist, etc.) will be provided by the instructor and/or made available through Canvas. These readings will also be critical to your learning in this course. It is highly recommended that students keep up with current regional and international events by frequently reading news outlets such as *The Economist*, or *the New York Times*.

GRADING

The final grade for this course will be assigned based on online quizzes, homework assignments, and a short final paper. Late work will NOT be accepted. Please note that grades will be frequently posted on Canvas, so that you have an idea of your performance in the course. Final grades are based *entirely* on your performance in all of the assignments. If you are concerned about your performance in the course, please contact me early so that I can suggest alternative study strategies and resources. **Important:** There is no "extra credit" work provided on an individual basis. Make-up assignments are only provided with valid medical documentation.

Online Quizzes: 40%
Problem Sets: 40%
Research Paper: 20%

Reading Comprehension Quizzes (Timed)

The material covered in this course can be relatively easy or very challenging depending on your level of preparation for the course. The best way to prepare for this course is to complete the reading assignments in advance. In order to ensure reading completion and comprehension, 10 quizzes (based on the chapter assignments for the day) will be conducted throughout the semester. Please refer to the schedule below for specific dates and chapters included in each quiz.

Quizzes will be made available on Canvas. Important: Quizzes will be posted on the day prior to the due date. Without exception, these timed quizzes will only be available until midnight of the due date, so please plan accordingly. You will get only one chance to complete the quiz once you have started it. Quizzes are NOT optional, and account for a significant part of your grade, so please make sure to complete them. Class notes and textbook can be used. Questions with regards to the content in the chapter in preparation for the quiz can be directed to the instructor via email in advance. The average of the eight highest quiz scores will account for 40% of your final grade.

Problem Sets

Four (4) problem sets will be assigned throughout the course. Each student is expected to work individually on these assignments. Please note that problem sets are NOT optional and failure to complete any of them can significantly affect your final grade. You will have at least a week to complete each homework – see schedule below for assigned dates. It is critical that you begin working on these assignments soon after they are posted on Canvas. Combined, these problem sets will account for 40% of your final grade.

Research Paper

Students will research and write a short paper on a topic related to international trade. For this assignment, you will be expected to use the models and tools learned throughout the semester to provide an analytical assessment of the trade topic chosen. Detailed instructions on writing your research paper have been made available on Canvas. The final paper accounts for 20% of the course's final grade.

Grade guidelines and equivalences are in line with the university's grading policies available on the catalog: (<http://www.framingham.edu/undergraduate-catalogs/>). General grade equivalences are as follows, with rounding of the final grade to the nearest whole number:

| Letter Grade | Percent Grade | 4.0 Scale |
|---------------------|----------------------|------------------|
| A | 93-100 | 4.0 |
| A- | 90-92 | 3.7 |
| B+ | 87-89 | 3.3 |
| B | 83-86 | 3.0 |
| B- | 80-82 | 2.7 |
| C+ | 77-79 | 2.3 |
| C | 73-76 | 2.0 |
| C- | 70-72 | 1.7 |
| D+ | 67-69 | 1.3 |
| D | 63-66 | 1.0 |
| D- | 60-62 | 0.7 |
| F | Below 60 | 0.0 |

TENTATIVE SCHEDULE

Note: The following are the primary readings for these dates. Additional readings may be assigned as we move forward. These will be made available in advance as the semester progresses. Please note that given time constraints, we will not necessarily be able to cover all information from the textbook during class time. However, you are responsible for all material below. Readings are to be done *before* the class on the dates listed. Dates are subject to change by instructor with previous notice.

IMPORTANT: All times in this document are based on Eastern Time (i.e. Framingham State's time zone)

| INTERNATIONAL TRADE & GLOBALIZATION: THEORETICAL BACKGROUND | |
|--|---|
| 12/22 | <p><i>Introduction to International Economics</i></p> <ul style="list-style-type: none"> ❖ Carbaugh, Chapter 1 ❖ Coughlin, Cletus, C., "The Controversy Over Free Trade: The Gap between Economists and the General Public," Federal Reserve Bank of Saint Louis, 2002. Available here. ❖ Krugman, Paul, "What Do Undergrads Need to Know About Trade?" <i>American Economic Review</i>, 83(2): 23-26, 1993. |
| 12/23 | <p><i>Ricardian Model and Comparative Advantage</i></p> <ul style="list-style-type: none"> ❖ Carbaugh, Chapter 2 <p>Quiz 1 (based on Ch. 2) due 12/23 by midnight</p> |
| 12/24 | PROBLEM SET 1: Available until midnight (based on Chs. 1, 2) |
| 12/26 | <p><i>Heckscher-Ohlin Model and Extensions</i></p> <ul style="list-style-type: none"> ❖ Carbaugh, Chapter 3 ❖ The Economist, "An Inconvenient Iota of Truth", August 2016 (Found here). <p>Quiz 2 (based on Ch. 3) due 12/26 by midnight</p> |
| BARRIERS TO FREE TRADE | |
| 12/28 | <p><i>Barriers to Trade: Tariffs</i></p> <ul style="list-style-type: none"> ❖ Carbaugh, Chapter 4 <p>Quiz 3 (based on Ch. 4) due 12/28 by midnight</p> |
| 12/30 | <p><i>Barriers to Trade: Quotas and Other Non-Tariff Barriers</i></p> <ul style="list-style-type: none"> ❖ Carbaugh, Chapter 5 <p>Quiz 4 (based on Ch. 5) due 12/30 by midnight</p> |
| 12/31 | PROBLEM SET 2: Available until midnight (based on Chs. 3, 4, 5) |
| INTERNATIONAL TRADE TODAY | |
| 1/2 | <p><i>Trade Regulations and International Policies</i></p> <ul style="list-style-type: none"> ❖ Carbaugh, Chapter 6 ❖ The Economist Magazine, "Who Elected the WTO?", September 27th, 2001 ❖ Planet Money: "The Cotton Wars" (found here). <p>Quiz 5 (based on Ch. 6) due 1/2 by midnight</p> |
| 1/4 | <p><i>International Trade and Developing Nations</i></p> <ul style="list-style-type: none"> ❖ Carbaugh, Chapter 7 ❖ Chang, Ha-Joon, "Kicking Away the Ladder: The 'Real' History of Free Trade", Foreign Policy in Focus, Special Report, December 2003 <p>Quiz 6 (based on Ch. 7) due 1/4 by midnight</p> |
| 1/6 | <p><i>Regional Trade Agreements</i></p> <ul style="list-style-type: none"> ❖ Carbaugh, Chapter 8 <p>Quiz 7 (based on Ch. 8) due 1/6 by midnight</p> |
| 1/7 | PROBLEM SET 3: Available until midnight (based on Chs. 6, 7, 8) |
| 1/9 | <p><i>International Factor Movements and Multinational Enterprises</i></p> <ul style="list-style-type: none"> ❖ Carbaugh, Chapter 9 |

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| | ❖ Loomis, E., “How Trade Deals and Immigration Laws Hurt Workers— Mexican Workers”, The New Republic, March 2018. Quiz 8 (based on Ch. 9) due 1/9 by midnight |
| 1/11 | <i>The Balance-of-Payments</i> ❖ Carbaugh, Chapter 10 Quiz 9 (based on Ch. 10) due 1/11 by midnight |
| 1/13 | <i>Foreign Exchange</i> ❖ Carbaugh, Chapter 11 Quiz 10 (based on Ch. 11) due 1/13 by midnight |
| 1/14 | PROBLEM SET 4: Available until midnight (based on Chs. 9, 10, 11) |
| 1/16 | RESEARCH PAPER DUE |

DISABILITY SERVICES

Framingham State University offers equal opportunities to all qualified students, including those with disabilities and impairments. The University is committed to making reasonable accommodations as are necessary to ensure that its programs and activities do not discriminate, or have the effect of discriminating, on the basis of disability. Academic Support serves students with learning and psychiatric disabilities as well as students with visual, mobility and hearing impairments. If you require accommodations for this class, please provide me with a copy of your Accommodation Agreement as soon as possible so that we can discuss your specific needs. Any information that you share with me will be held in the strictest confidence, unless you give me permission to do otherwise. If you require academic accommodations or need additional information, please contact Ms. LaDonna Bridges as soon as possible at 508-626-4906 or check the Center for Academic Success and Advising (CASA)’s website.

FRAMINGHAM STATE UNIVERSITY’S ACADEMIC HONESTY POLICY

Integrity is essential to academic life. Consequently, students who enroll at Framingham State University agree to maintain high standards of academic honesty and scholarly practice. They shall be responsible for familiarizing themselves with the published policies and procedures regarding academic honesty.

Faculty members shall, at their discretion, include in the course syllabus additional statements relating the definition of academic honesty to their courses. They shall administer hour tests and exams in such a manner as to provide the best possible situation for all students. Faculty shall proctor exams, or, if they feel it is suitable to schedule a non-proctored exam, shall designate in writing at the beginning of the examination: 1) where they shall be found during the period and 2) where the exam papers are to be turned in.

Academic honesty requires but is not limited to the following practices: appropriately citing all published and unpublished sources, whether quoted, paraphrased, or otherwise expressed, in all of the student’s oral and written, technical, and artistic work; observing the policies regarding the use of technical facilities. Infractions of the Policy on Academic Honesty include, but are not limited to:

1. Plagiarism: claiming as one’s own work the published or unpublished literal or paraphrased work of another. It should be recognized that plagiarism is not only academically dishonest but also illegal.
2. Cheating on exams, tests, quizzes, assignments, and papers, including the giving or acceptance of these materials and other sources of information without the permission of the instructor(s).
3. Unauthorized collaboration with other individuals in the preparation of course assignments.
4. Submitting without authorization the same assignment for credit in more than one course.
5. Use of dishonest procedures in computer, laboratory, studio, or field work. Further clarification on academic honesty will be provided, when appropriate, in individual courses.

6. Misuse of the University's technical facilities (computer machinery, laboratories, media equipment, etc.), either maliciously or for personal gain. Examples include but are not necessarily limited to:

- a. Accessing the private files of another person or agency without express permission.
- b. The unauthorized use of technical facilities for purposes not connected with academic pursuits.

When evidence indicates that a student has improperly used a technical facility, an appropriate supervisor (faculty or staff member) may take appropriate action reflecting the seriousness of the infraction, ranging from a verbal warning to, but not beyond, denial of use of the facility. If coursework may have been plagiarized, the supervisor will also inform all concerned faculty members, who may take action as described in the procedures for handling cases of alleged infractions of academic honesty.

7. Falsification of forms used to document the academic record and to conduct the academic business of the University.

Procedures for Handling Cases of Alleged Infractions of Academic Honesty

In the case of a student's first or second alleged infraction of the academic honesty policy, every effort should be made to resolve the matter directly between the faculty member/supervisor and student. The faculty member/supervisor will confront the student with the allegation of dishonesty and take appropriate action. Appropriate penalties for a first infraction range from re-submission of the work in question to failing the course. Appropriate penalties for a second infraction range from failing the work in question to failing the course. If, however, a faculty member feels that the severity of the alleged infraction warrants dismissal from the college prior to the third offense, the faculty member may request a hearing. If, in the hearing, the student is found guilty of the infraction, the Dean of Students will determine if dismissal is appropriate or if a lesser penalty should be imposed.

If the student and faculty member cannot agree as to whether the student is responsible for a violation of the academic honesty policy, either may request a hearing on the matter. The Dean of Students will convene a hearing body, which shall consist of the Dean of Students and two faculty members, one from a department other than that of the department of the involved faculty member/supervisor. If the student is found responsible for the violation by the hearing body, the involved faculty member will take appropriate action. The penalty after the hearing will be the same as that offered to the student prior to the request for hearing except in cases where dismissal is being considered.

In the case of the third alleged infraction of the academic honesty policy, the involved faculty member will forward all evidence and appropriate documentation of the alleged infraction to the Dean of Students, who will convene a hearing as indicated above. If the student is found responsible for a third violation of the academic honesty policy, the Dean shall, in consultation with the involved faculty member, impose a penalty of dismissal from the college.

Students have the right to appeal the decisions of the hearing body on first and second infractions to the Vice President for Academic Affairs. Appeals for decisions on third infractions will be made to the President of the University.

NOTE: Notification of the alleged infraction must be submitted to the Dean of Students within a week of the infraction. Upon resolution of the infraction, all documentation regarding the academic honesty policy violation will be maintained by the Dean of Students.