



ECON 440

Economics of International Trade and Policy

Fall 2024

Class Hours: Tue & Thu 11-12:15 pm in Wagar 132

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Course Description

This course is an introduction to the “real” (as opposed to financial) side of international economics: international trade. The objectives of this course are to: (1) survey core theories of international trade and (2) provide an overview of key trade-related policy debates taking place among economists, governments, and civil society today. The course will seek a balance between providing a critical foundation in methodology and developing a practical understanding of real-world international trade.

Prerequisites

Intermediate Microeconomics (ECON 360), or an equivalent course taken at a different university.

Materials

Required Material:

- Krugman, P. R.; Obstfeld, M. & Melitz, M. (2022) *International Economics: Theory and Policy*, Pearson, 12th edition. ISBN-13: 9780135766859 [**KOM**]

KOM is the *required* textbook for the course. You can find paperback versions of the book for a good price. If preferred, older editions of the book are fine and are usually very cheap.

Required Readings: These selected readings will be largely used in discussion during the semester and will serve as a base for the essay questions of the final exam (take-home). The papers will be shared in Canvas.

- Autor, D. H., Dorn, D., & Hanson, G. H. (2013). The China syndrome: Local labor market effects of import competition in the United States. *American Economic Review*, 103(6), 2121-2168.
- Autor, D., Dorn, D., & Hanson, G. (2019). When work disappears: Manufacturing decline and the falling marriage market value of young men. *American Economic Review: Insights*, 1(2), 161-178.

- Autor, D., Dorn, D., Hanson, G., & Majlesi, K. (2020). Importing political polarization? The electoral consequences of rising trade exposure. *American Economic Review*, 110(10), 3139-3183.
- Costa, F., Garred, J., & Pessoa, J. P. (2016). Winners and losers from a commodities-for-manufactures trade boom. *Journal of International Economics*, 102, 50-69.
- Dix-Carneiro, R., & Kovak, B. K. (2017). Trade liberalization and regional dynamics. *American Economic Review*, 107(10), 2908-2946.
- Dix-Carneiro, R., & Kovak, B. K. (2023). *Globalization and inequality in Latin America* (No. w31459). National Bureau of Economic Research.
- Dix-Carneiro, R., Soares, R. R., & Ulyssea, G. (2018). Economic shocks and crime: Evidence from the Brazilian trade liberalization. *American Economic Journal: Applied Economics*, 10(4), 158-195.
- Goldberg, P. K., & Pavcnik, N. (2007). Distributional effects of globalization in developing countries. *Journal of Economic Literature*, 45(1), 39-82.
- Prebisch, R. (1949), *The Economic Development of Latin America and its Principal Problems*, reprinted in *Economic Bulletin for Latin America*, Vol. 7, No. 1, 1962, 1- 22.
- Singer, H. W. (1950), *U.S. Foreign Investment in Underdeveloped Areas: The Distribution of Gains Between Investing and Borrowing Countries*, *American Economic Review: Papers and Proceedings*, 40, 473-485

Additional/Advanced Material: The following books are not required texts, and you do not have to read any of them. However, if you feel like exploring different approaches or explanations for some of the topics we cover in the course, or you are interested in a more formal description of the content, they can be helpful. Keep in mind that those are advanced readings.

- McLaren, J. (2012) *International Trade*, Wiley, 1st edition. [JM]
- Feenstra, R. & Taylor, A. (2021) *International Economics*, MacMillan, 5th edition. [FT]
- Feenstra, R. (2015) *Advanced International Trade: Theory and Evidence*, Princeton University Press, 2nd edition. [FA]

Both **JM** and **FT** treat the same theory we cover in a more descriptive way, some of the examples and the intuition could be useful. **FA** is a comprehensive textbook in international trade, however, it is only recommended for advanced (graduate-level) courses.

Besides, I highly recommend that, over the semester, you listen to the “Trade Talks” podcast, ran by Chad Brown (Senior Fellow at the Peterson Institute for International Economics) and Soumaya Keynes (Economics and Trade correspondent at The Economist magazine). The podcast discussed current issues in trade up to early 2024 and often cites current economics research to analyze the issues of interest. Listening to the podcasts will be good for you to relate what we learn in class to real world issues.

Course Objectives

At the completion of this course, successful students will be able to:

- Provide an accounting of the historical evolution of international trade and trade theory;
- Compare and contrast standard trade theories, including Ricardian, specific factors, Heckscher-Ohlin, and models of imperfect competition;
- Critically evaluate the arguments for and against “free trade”;
- Identify key trade issues facing both developed and developing countries today;
- Identify and critically discuss broad global patterns of trade;
- Critically evaluate recent empirical research;
- Characterize major global trade agreements and institutions.

Required Work

You will have three contact hours per week with me during class time. By definition of credit hours (3 for this course), plan on devoting *at least* 2 hours of outside work for each contact hour. That sums to 9 hours per week in this class. The table below lists the *minimal* expectations about weekly effort for the class. The final grade for the class will be a weighted average of problem sets, recurrent quizzes, a midterm exam, and a final exam.

Activity	Contact Hours/week
Attend class	2.5
Read assigned readings	1.5
Review class notes	1
Work on problem sets	2
Study for exams	2
Total	9

Course Structure and Grade Distribution

Exams (45% of the grade)

There will be two midterm exams, both in class, closed book, and closed notes. There will be a final take-home, open book, and notes exam. There will be **NO MAKE-UP EXAMS!** If you must miss one of the midterms for a documented emergency or illness, its weight will be shifted to the other midterm. If you cannot take the final exam for a similar reason, you may get an Incomplete grade for the course.

The midterm exams will take place on Thursdays, October 3 and November 1, 2024 (15% of the grade each), and the final exam (15% of the grade), according to the University Calendar, will take place in the week of December 9 to 13, 2024.

Problem Sets (35% of the grade)

We will have bi-weekly problem sets in this class for evaluation of progress and practice. Six problem sets will be posted on Canvas - a tentative schedule for the release will be presented by the end of this syllabus - and due dates will be announced through the weeks. I will announce due dates as the semester goes on during class and also through Canvas.

Collaboration is not only recommended but also expected for the completion of problem sets. Working in groups of 3-4 students fosters a dynamic environment where diverse perspectives and insights come together to tackle complex challenges. Through collaboration, students can learn from one another, exchange ideas, and collectively arrive at more comprehensive solutions. This approach not only enhances problem-solving skills but also cultivates effective communication and teamwork abilities, which are vital in real-world scenarios. Therefore, I encourage all students to actively engage in group collaboration as they approach their problem sets, as it will undoubtedly lead to a richer learning experience and better outcomes.

In-class Quizzes (15% of the grade)

You are required to do the readings for each week in advance and review it in detail after each class. It is fundamental that students follow the course week by week as it is easy to get lost in the material. To assess students' progress there will be 6-7 in-class quizzes. These quizzes will be quick and short, taking 15 minutes of class time at maximum, either at the beginning or by the end of the class, and will not be announced in advance. To be accommodating, I will drop the two lowest quiz scores for the final grade - more on this matter below.

Class Participation (5% of the grade + extra credit)

Consistent participation during class time is expected and necessary for you to do well in this class. Class participation raises the level of the discussion and helps collective learning. Woody Allen famously quipped, "80% of success is just showing up." I've found that to be remarkably true for college students. You can almost surely get an 80% in this class just by showing up every day and participating. I'll even privilege 5% of your grade to it.

Late/Missed Assignment Policy

There will be no extensions or make-up assignments except as necessary for Student Disability Center (SDC) accommodations. Instead, I build in the following flexibility. If you miss a deadline, you may turn in the assignment for half-credit, up to 1-week later. **You also get two passes for the term.** I drop your two lowest quiz scores. That means for any reason at all you may miss two quizzes without any penalty. You don't need to tell me the reason. I don't need to know, I don't need unnecessary emails about it. However, use your passes wisely because you don't want to burn them up early and then find that you need them for an emergency late in the term.

Grading Policy

Letter grades will be assigned on the plus/minus system. Please refer to the university website for details on how this translates to GPA. While I believe in helping students achieve their full

potential, I do not believe in grade inflation. If you get an A in this course, it is because you earned it!

A+	100.00%	to 96.67%	B-	< 83.33%	to 80%
A	< 96.67%	to 93.33%	C+	< 80.00%	to 76.67%
A-	< 93.33%	to 90%	C	< 76.67%	to 70%
B+	< 90.00%	to 86.67%	D	< 70.00%	to 60%
B	< 86.67%	to 83.33%	F	< 60.00%	to 0

Course Expectations

- **General**

- My position on most things can be summed up easily: conduct yourself with respect and courtesy and I will be quite accommodating; disregard me or your fellow students and I will not be so helpful. This includes aggressive or condescending behavior toward others in class and being late to appointments with me. I expect a full measure of professionalism during all interactions, virtual or in person.
- Anyone can succeed in this course, it's a matter of working hard and getting help when needed. I am very happy to help in any way I can. Talk to me if things aren't going well, or get me to reexplain things that aren't clear. Please ask questions, even if they seem obvious or embarrassing—I will never evaluate you based on your questions, and I will not allow anyone in the class to belittle you.

- **Sensitive Topics and Inclusivity**

- We will sometimes deal with difficult and sensitive topics in this class. I want to inform you of some ground rules for ensuring these discussions are inclusive and productive. 1) All questions and comments are welcome, provided they are voiced with sincerity and an intent to learn. Genuine, respectful participation is a pathway to understanding and growth; I desire for all such voices to be heard. 2) Insincere, snarky, disrespectful, patronizing, or inflammatory questions and comments will not be tolerated. Such behavior undermines the learning environment and excludes valuable members of our community.
- Mindful disagreement is growth-inducing. One of my goals is to help you develop skills in constructive discussion. You will hear dissenting opinions. Some of these will make you uncomfortable; perhaps, in some cases, reactive. If you learn to channel this emotion into calm and thoughtful arguments for your point of view, the whole class benefits and you have grown because of the discomfort. If you lash out or belittle someone else, the learning opportunity is destroyed and everyone regresses. I will be moderating discussions in this course to ensure the latter is called out and corrected if it occurs. Pluralism is a beautiful thing and a staple of college campuses. Let's work together to make sure it flourishes.

- **Assignments**

- Students are allowed to work together, but should focus on helping each other learn rather than just get the right answers. Recall that **offering** or **accepting** other people’s work is an act of **plagiarism** which will be taken very seriously.
- Take pride in your work and turn in presentable, legible, and well-organized assignments. Have them prepared before the deadline or they will be considered late!

Academic Dishonesty

The course will adhere to the Academic Integrity Policy of the Colorado State University General Catalog and the Student Conduct Code. Academic dishonesty will not be tolerated. Academic dishonesty includes such things as cheating on exams, inventing false information or citations, plagiarism—both of others or oneself and assisting in any such act. If suspected, disciplinary action will be taken in complete accordance with the University’s academic honesty policy as stated in the General Catalog: www.catalog.colostate.edu/general-catalog/policies/students-responsibilities

Department Statement on Copyright

Please do not share material from this course online, in print, or in other media. Course material is the property of the instructor who developed the course. Materials authored by third parties and used in the course are also subject to copyright protection. Posting course materials on external sites (commercial or not) violates both copyright law and the CSU Student Conduct Code. Students who share course content without the instructor’s express permission, including with online sites that post materials to sell to other students, could face disciplinary or legal action.

Title IX Information

CSU’s Discrimination, Harassment, Sexual Harassment, Sexual Misconduct, Domestic Violence, Dating Violence, Stalking, and Retaliation policy designates faculty and employees of the University as “Responsible Employees.” This designation is consistent with federal law and guidance and requires faculty to report information regarding students who may have experienced any form of sexual harassment, sexual misconduct, relationship violence, stalking, or retaliation. This includes information shared with faculty in person, electronic communications or in class assignments. As “Responsible Employees,” faculty may refer students to campus resources (see below), together with informing the Office of Support and Safety Assessment to help ensure student safety and welfare. Information regarding sexual harassment, sexual misconduct, relationship violence, stalking, and retaliation is treated with the greatest degree of confidentiality possible while also ensuring student and campus safety.”

- Any student who may be the victim of sexual harassment, sexual misconduct, relationship violence, stalking, or retaliation is encouraged to report to CSU through one or more of the following resources:
 - Emergency Response 911
 - Deputy Title IX Coordinator/Office of Support and Safety Assessment (970) 491-1350.

- Colorado State University Police Department (non-emergency) (970) 491-6425.
- For counseling support and assistance, please see the CSU Health Network, which includes a variety of counseling services that can be accessed at: <http://www.health.colostate.edu>. And, the Sexual Assault Victim Assistance Team is a confidential student resource that does not have a reporting requirement and that can be of great help to students who have experienced sexual assault. The web address is <http://www.wgac.colostate.edu/need-help-support>.

Student Resources

You are strongly encouraged to use these costless resources to support your education and your overall wellness

- **Writing Center:** Help with written assignments can be found at the Writing Center (www.writingcenter.colostate.edu).
- **Student Disability Center:** Students with documented special needs are welcome in this class and will be reasonably accommodated. Contact the Student Disability Center at (970) 491-6385 or go to www.disabilitycenter.colostate.edu. Documentation of disability is required and the RDS office will assist in this process.
- **Tell Someone:** If you are concerned about safety or mental health—your own or someone else’s, please call (970) 491-1350 or complete the online referral form at: www.supportandsafety.colostate.edu/tell-someone.

Tell Someone is a Colorado State University service where anyone can report concerns about a student or employee who may be struggling with issues such as mental health, stress management, and safety, as well as share concerns about threats of violence (against themselves or others). Through Tell Someone, you can report anything that threatens your safety or the safety of others in the university community. Tell Someone is not designed to get people in trouble; it is designed to help students and employees who may be struggling, as well as help enhance university safety. Tell Someone is your resource if you’re worried about a friend’s well-being. If a student or employee is disruptive, Tell Someone is the right place to turn for intervention as well as university support to help put consequences and boundaries in place. Tell Someone is run by the Office of Support and Safety Assessment. The office is comprised of trained specialists who can identify concerns, pathways to resolution, and university resources. Tell Someone reports are only reviewed during regular business hours. If you believe someone is at risk of immediate harm, call 911.

Tentative Course Schedule

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

Week	Content	Text Ref.
1: Aug 19-23	<ul style="list-style-type: none"> • Introduction • Overview: World Trade 	Ch 1-2 [KOM] Ch 1 [FT]
2: Aug 26-30	<ul style="list-style-type: none"> • The Ricardian Model • <i>Problem Set 1 posted</i> 	Ch 3 [KOM] Ch 2 [FT]
3: Sep 2-6	<ul style="list-style-type: none"> • Limitations of the Comp. Adv. Model • Specific Factors and Income Distribution • <i>Problem Set 2 posted</i> 	Prebisch (1949); Singer (1950) Ch 4 [KOM] Ch 3 [FT]
4: Sep 9-13	<ul style="list-style-type: none"> • Specific Factors and Income Distribution (cont.) • The Heckscher-Ohlin Model 	Ch 5 [KOM] Ch 4 [FT]
5: Sep 16-20	<ul style="list-style-type: none"> • The Heckscher-Ohlin Model (cont.) • <i>Problem Set 3 posted</i> 	Ch 5 [KOM] Ch 4 [FT]
6: Sep 23-27	<ul style="list-style-type: none"> • The Standard Trade Model and Applications 	Ch 6 [KOM]
7: Sep 30- Oct 4	<ul style="list-style-type: none"> • Review Session • Midterm Exam I 	-
8: Oct 7-11	<ul style="list-style-type: none"> • External Economies of Scale • <i>Problem Set 4 posted</i> 	Ch 7 [KOM] Ch 6 [FT]
9: Oct 14-28	<ul style="list-style-type: none"> • Imperfect Competition and International Trade • <i>Problem Set 5 posted</i> 	Ch 8 [KOM] Ch 7 [FT]
10: Oct 21-25	<ul style="list-style-type: none"> • International Factor Movement 	Ch 8 [KOM] Ch 5,8 [FT] Additional readings
11: Oct 28- Nov 1	<ul style="list-style-type: none"> • Review Session • Midterm Exam II 	-
12: Nov 4-7	<ul style="list-style-type: none"> • Instruments of Trade Policy 	Ch 9 [KOM] Ch 9 [FT]
13: Nov 11-15	<ul style="list-style-type: none"> • The Political Economy of Trade Policy • <i>Problem Set 6 posted</i> 	Ch 10 [KOM] Ch 10 [FT]
14: Nov 18-22	<ul style="list-style-type: none"> • Trade Policy in Developing Countries • Globalization and Challenges 	Ch 11-12 [KOM] Ch 11 [FT] Autor et al. (2013, 2019, 2020) Costa et al. (2016)
FB: Nov 25-29	<ul style="list-style-type: none"> • NO CLASS, Fall Break 	-
15: Dec 2-6	<ul style="list-style-type: none"> • Globalization and Challenges (cont.) • Comprehensive Review 	Goldberg & Pavcnik Dix-Carneiro & Kovak (2017,2023) Dix-Carneiro et al. (2018)

Final Exam: Tuesday, December 10th.