



## **Econ 450: International Trade (Fall 2023)**

**Units:** 4

**Time:** 2-3:30pm

**Location:** Tuesday and Thursday

**Instructor:** Terrie Walmsley

**Email:** [twalmsle@usc.edu](mailto:twalmsle@usc.edu)

**Office Hours:** Tuesday and Thursday 12-1pm or by appointment.

### **Course Description**

The purpose of this course is to introduce you to the dynamic field of international trade. We will study some of the most influential theoretical models of international trade to investigate why nations trade, what they trade, and who gains (or not) from this trade. We examine the motives for countries to restrict or regulate international trade and study the effects of such policies on economic welfare. We then turn to analyze the reasons for and consequences of the movement of labor and foreign direct investment across national borders. Topics covered will include the effects of trade on economic growth and wage inequality, multinationals and foreign direct investment, international trade agreements and current trade policy disputes. The course will examine past and current events in the world economy, but will also rely heavily on formal economic theories to help us understand these events.

### **Learning Objectives and Outcomes**

Throughout the course, students will be introduced to and exposed to various theories of international trade and their application to trade policy. By the end of the course students are expected to be able to:

- explain the basic concepts used in international trade;
- apply the theoretical concepts and models to show how trade and trade policies impact economic welfare and factor returns;
- analyse some of the current issues in international trade policy and their implications for welfare using the theoretical frameworks provided;
- argue convincingly the pros and cons of international trade, migration and foreign investment; and
- present the key elements of a newspaper or journal article to your colleagues.

### **Prerequisite(s)**

The course is designed for econ majors and I assume that you are familiar with the basic concepts in economics, such as indifference curves, consumer surplus, producer surplus, etc. This also means that you will be expected to have some basic understanding of calculus and optimization. Exposure to the principles of macroeconomics is also useful. Econ 303 is a strict prerequisite for this course.

### **Course Notes**

Classes will take the form of online lectures, discussions and hands-on exercises.

Since this syllabus is prepared in advance of the semester, please note that circumstances may arise requiring some adjustment in the syllabus during the semester, especially in light of supplementary reading assignments.

### Technological Proficiency and Hardware/Software Required

Students will be required to manipulate data in excel and are expected to be able to use some of the basic features in excel.

### Required Readings and Supplementary Materials

There are two text books used for International Trade courses.

Feenstra, R. C. and A. M. Taylor, 2015, International Trade, Worth Publishers (3rd Ed).

Krugman, P., M. Obstfeld and M. Melitz, 2015, International Trade: Theory and Policy, Pearson (10th ed).

I reference to both, but will primarily follow the explanations from Feenstra and Taylor. It is strongly suggested that students obtain one of these text books. Older editions are suitable, since the text books are helpful for understanding theory, which changes infrequently. We will use newspaper articles to examine current issues.

Other references are available from the library or links provided. Students are expected to write a newspaper blog and to present it in class. These blogs will then form the basis of a resource available to all students for review.

### Weekly Schedule

Each topic will take approximately one week, although some are slightly longer and others shorter. Each week will include a lecture and a practical session, in which we will look at practical exercises, and newspaper and journal articles.

Module	Topic	Week	Lecture	Dates	Main Reading
	Welcome and course overview	1	1	22-Aug	
1	Introduction to International Trade		2	24-Aug	[FT] Chapter 1 or [KOM] Chapter 1-2
		2	3	29-Aug	
2	Trade, Technology and Comparative Advantage: The Ricardian Model		4	31-Aug	[FT] Chapter 2 or [KOM] Chapter 3
		3	5	5-Sep	
			6	7-Sep	
3	Resources, Trade, and Income Distribution: The Heckscher-Ohlin Model of Trade	4	7	12-Sep	[FT] Chapter 3-4 or [KOM] Chapters 4-6
			8	14-Sep	
		5	9	19-Sep	
			10	21-Sep	
4	Imperfect Competition and New Trade theories	6	11	26-Sep	[FT] Chapter 6 or [KOM] Chapter 7-8
			12	28-Sep	
5	Sourcing inputs: Offshoring, FDI and MNF	7	13	3-Oct	[FT] Chapter 5 and 7 or [KOM] Chapter 7-8
			14	5-Oct	
6		8	15	10-Oct	[FT] Chapter 5 or [KOM] Chapter 4, pp.72-78
			Spring break	12-Oct	

	Sourcing inputs: Immigration and services trade	9	16	17-Oct	
7	Trade Policy Instruments: Tariffs, Quotas, Export Subsidies		17	19-Oct	[FT] Chapter 8-10 or [KOM] Chapters 9–10
		10	18	24-Oct	
			19	26-Oct	
8	Trade agreements and the World Trade Organisation	11	20	31-Oct	[FT] Chapter 11 or [KOM] Chapters 9–10
			21	2-Nov	
		12	22	7-Nov	
9	Trade, development, and standards		23	9-Nov	[FT] Chapter 11 or [KOM] Chapter 11 and 12
		13	24	14-Nov	
10	Trade and the environment		25	16-Nov	
		14	26	21-Nov	
11	Applied Trade Policy Analysis	Thanksgiving		23-Nov	A practical guide to Trade Policy Analysis, 2012, World Trade Organisation and United Nations
		15	27	28-Nov	
	Wrap up		28	30-Nov	

## Description and Assessment of Assignments

Students will be assessed through:

- Homework assignments: two homework exercises include problems and manipulating data in excel.
- Blog and Presentation (to be done in groups of two or three)
  - Students are expected to write a short blog analyzing a trade-related issue from the news and relate it to the theory taught in class.
  - Students will present their blog in the relevant class.
- Participation: students are expected to participate in class exercises and discussions.
- Final Exam: short answer / essay questions.

Assignment	% of Grade	Dues dates
Sign up for presentation group	2	Aug 25
Homework 1	15	Sept 28
Homework 2	15	Oct 31
Blog and presentation	18	Various (sign up sheet)
Participation in class exercises	15	
Final exam	35	Exam schedule
<b>Total</b>	100	

## Grading Scale

Grading in this course is generally A – C<sup>-</sup>, although students that miss classes or assessments could receive a lower grade. To receive an A students are expected to demonstrate all of the course objectives to a high level.

## Assignment Submission Policy

Assignments are to be submitted by noon on the due date. Students will be required to submit their write up, as well as excel files with workings where appropriate.

### **Grading Timeline**

Assignments will be graded and feedback given within 2 weeks of submission.

### **Additional Policies**

- Lectures will be of two types. Lectures in which you will be provided with most of the material for the course; and practical sessions in which students will work in teams to understand models, look at data, answer questions and newspaper articles and their own blogs.
- Lectures will complement your textbook and readings, and help your comprehension of the material. There will be material in some lectures, which does not appear in the textbook, but may be covered on the tests. The practical sessions will help deepen your understanding of the material and help you prepare for assignments and exams. **Your participation in the practical sessions is also highly recommended for successful completion of blogs and homework assignments.**
- Students assignments will be penalized at the rate of 1 percent per day late, unless justified for emergency health reason. Students should notify the professor prior to the due date of any issues or as soon as is practically possible in the case of emergencies.
- Write clearly and legibly; if I can't read it, I can't grade it. Show the steps of your mathematical reasoning, and draw and label the figures clearly.
- Please submit .doc, .xlsx or .pdf files. If you are using Apple versions of these products please convert to pdf, so that I can open them. Note that all your answers should be in one word / pdf document. You may be asked to submit excel files, but they should be considered supplementary. Excel files are only reviewed if trying to identify where you may have made a mistake. Answers in the excel files are NOT graded.
- Check your answers against the answer key; this should resolve most of your questions. If any remain, ask. Any regrading requests for exams must be made within two weeks from the date the graded answers are made available. If you ask for a regrading, your whole problem set or exam will be regraded. This may bring to light some previously unnoticed errors, and you may end up with a lower score, not higher.
- Grading of any essay questions involves not only checking the logical correctness of your reasoning, but also an evaluation of the coverage, order of presentation, overall quality of the writing and referencing (if requested).

### **Statement on Academic Conduct and Support Systems**

#### **Academic Integrity:**

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, compromises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or “recycle” work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see [the student handbook](#) or the [Office of Academic Integrity’s website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

### **Students and Disability Accommodations:**

USC welcomes students with disabilities into all of the University’s educational programs. [The Office of Student Accessibility Services](#) (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at [osas.usc.edu](http://osas.usc.edu). You may contact OSAS at (213) 740-0776 or via email at [osasfrontdesk@usc.edu](mailto:osasfrontdesk@usc.edu).

### **Support Systems:**

[Counseling and Mental Health](#) - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

[988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

[Reporting Incidents of Bias or Harassment](#) - (213) 740-5086 or (213) 821-8298

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

[The Office of Student Accessibility Services \(OSAS\)](#) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

[USC Campus Support and Intervention](#) - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

[Diversity, Equity and Inclusion](#) - (213) 740-2101

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

[USC Emergency](#) - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

[USC Department of Public Safety](#) - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call

Non-emergency assistance or information.

[Office of the Ombuds](#) - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

[Occupational Therapy Faculty Practice](#) - (323) 442-2850 or [otfp@med.usc.edu](mailto:otfp@med.usc.edu)

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.