

ECO F339K COURSE SYLLABUS

INTERNATIONAL TRADE AND INVESTMENT (79940)

Instructor

Prof. Salah M. Mostashari

Office: BRB 2.130

Office hours: Zoom Office Hours by appointment Fridays 1:00pm -3:00pm.

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Lecture: Asynchronous recordings available on Canvas course webpage (<https://canvas.utexas.edu/>)

Course objectives

International trade matters to the well-being of individuals, groups, and society as a whole. Politicians, journalists, and voters need to understand the causes and consequences of international trade. 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: Economics 420K or 421K with a grade of at least C-.

Required textbook

There is only one required textbook for this course:

- [International Trade, 5th edition, by Robert C. Feenstra and Alan M. Taylor](#). This is an excellent undergraduate textbook. You may rent either the e-book (ISBN:9781319344108) or purchase a printed textbook (ISBN:9781319218454), whichever you prefer. I will *not* be using the Achieve Essentials version or any other online ancillary. Therefore, you are welcome to use older editions or a used textbook. However, the chapters/pages that I assign will be for this edition.



Additional Reading

I will post links to additional reading, primarily from current news publications or economics journals, 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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|-------------------------------------|-----|
| • Exam1 Monday June 13th | 25% |
| • Exam 2 Monday June 27th | 25% |
| • Exam 3 Thursday July 7th | 25% |
| • Problem Sets (highest 4 out of 5) | 25% |

Problem Sets: There will be 5 problem sets. These problems sets will be due at 11:59 pm on the due date (see the course homepage for specific due dates). **You will submit the assignments on Canvas. I have a strict homework policy. No late homework will be accepted, no matter what the excuse.** This is because I like to post the solutions soon after the due dates. If you do not get your problem set submitted before the submission deadline, you will receive a zero. In fairness to the rest of the class, there will be no exceptions to this rule. However, to accommodate a potential emergency, I will drop your lowest grade of the five before computing your final problem set grade.

You may work with other students on problem sets. A good strategy is to work independently and to then coordinate with other students to check your work or to come to office hours to ask me questions about problems that you do not understand. Problem sets should *not* be copied from other students' work. These numerical examples are the primary way for students to practice and learn the models we will study, so making the effort on them will be essential for success on the exams.

Exams: Exams will be completed on Canvas through Canvas Quizzes. You must use the Chrome browser and Exams will be proctored with the Proctorio add-on or some other proctoring system that requires a camera on your device. You will have 2 hours to work on the exam and submit it once you launch it.

Exam dates are as follows:

- **Exam 1: Available Monday June 13th, Noon-10 pm**
- **Exam 2: Available Monday June 27th, Noon-10 pm**
- **Exam 3: Available Thursday July 7th, Noon-10 pm**

If you have any conflict with these exam dates or times, please contact me immediately.

Exams will not be cumulative in the traditional sense; however, some of the material we learn *later* in the class builds on earlier concepts. Therefore, you will need to maintain a working understanding of that material to be successful on the second and third exams.

All exams will have a multiple-choice section, and a “problem” section where you answer questions by showing your calculations or drawing graphs (and providing explanations). For these questions, you will hand write your answers on your own paper, scan your completed responses, and then submit your answers on Canvas.



All exams are closed-book and closed-notes. You may use a calculator. Note: if you have not memorized concepts or learned the steps to solving a problem prior to starting the exam, you will run out of time and do poorly.

Your exams must represent your own work. Any evidence of collaboration on an exam or violation of the exam-taking conditions will be pursued with Student Judicial Services.

If there is a curve on the exam, the curve will be applied to each exam separately at the time it is graded.

Only serious and substantiated medical and personal emergencies will be accepted as valid reasons for a missed exam. If you miss an exam for a valid reason, you will be given a makeup exam.

Letter Grade: After your weighted average score is calculated for the semester, the following conversion table will be used to give you a letter grade.

Percent	letter grade
93 –	A
90 to < 93	A-
87 to < 90	B+
83 to < 87	B
80 to < 83	B-
77 to < 80	C+
73 to < 77	C
70 to < 73	C-
60 to < 70	D
< 60	F

Course website and communication

The official website of the course will be on Canvas. Please refer to that website for up-to-date announcements, documents, and reading that is not in the textbook. <https://canvas.utexas.edu/>.

Make sure that your email address on Canvas is correct. Check your email at least once a day. Your email address on Canvas is the email address that UT has on file for official communication with you, and you are responsible for any communication with you using that email address, as well as any other email address that you have used to contact me.

Lecture and Daily Schedule

Because we do not have an assigned meeting time, lectures will be pre-recorded and posted on Canvas. Links to the lecture will be posted on the Daily Schedule, which will be our Homepage on Canvas. Expect to take a lot of handwritten notes as you watch the lectures. There may be some power-point presentations with the lectures and I may have some typed “Handouts” that I will use. If so, links to download these documents will be provided on this page as well. For each lecture day or day that an assignment is due, you will see the specific assigned reading pages, links to any handouts or additional reading. Links to all graded content will be highlighted in red.



Office Hours

I will host live Zoom Office Hours on Fridays from 1:00-3:00 by appointment. I do require students to sign up for office hours. Time slots are in 30-minute increments. A maximum of 10 students may be in any slot. If these meeting times are not possible for you, please send me an email to set up an alternative appointment. You will be able to sign up for office hours on the Canvas Calendar.

Teaching Assistant

This course will have a teaching assistant (TA) who will grade problem sets and exams and assist with logistical and administrative tasks. For questions regarding course content or help with the problem sets, students should visit the professor during office hours or email to set up an alternate time. If you have questions about grading, you should reach out the TA individually to schedule an appointment via zoom.

TA contact (for questions about grading):

Minseog Kim

minseog.kim@utexas.edu

Contact Information

If you need to get in touch with me outside of office hours, please send me an email. Please use email for contact purposes only as I normally cannot answer questions (that require long explanations) through email. If time during office hours is not adequate, let me know and we will fix up additional office hours through appointments. Phone and email are noted above.

Other Important Policies

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. Guidance on public access to class recordings can be found [here](#).

Students with disabilities: Any student with a disability who requires academic accommodations should contact Services for Students with Disabilities in the Office of the Dean of Students at 471-6259 (voice) or 471-4641 (TTY for users who are hearing-impaired) to request an official letter for your professor that lists your authorized accommodations. UT policy requires students requesting accommodations to notify their professors in advance, and we will adhere to the policies of SSD concerning advance notification. I'd appreciate notification as soon as possible (even if you don't yet



have the official letter, you can email me that it's on the way). Early notification helps me schedule appropriate accommodations.

Religious holy days. By UT Austin policy, you must notify your professor of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss an exam or an in-class experiment to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Behavior Concerns Advice Line (BCAL): If you become worried about someone's behavior, you may call the Behavior Concerns Advice Line at **512-232-5050** to discuss your concerns. This service is provided by the Office of the Dean of Students, the Counseling and Mental Health Center (CMHC), the Employee Assistance Program (EAP), and the University of Texas Police Department (UTPD). Visit <http://www.utexas.edu/safety/bcal> for more information.

Policy on scholastic dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Because such dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. For further information, please visit the Student Judicial Services web site at www.deanofstudents.utexas.edu/sjs/. The University's expectations for student conduct are grounded in the University Honor Code:

The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the University is expected to uphold these values through integrity, honesty, trust, fairness, and respect towards peers and community.

University students are expected to abide by all city, state, and federal laws and statutes and all regulations of the University and The University of Texas System. However, as a community of scholars, the University expects from its students a higher standard of conduct than that required simply to avoid discipline. The principles of the University Honor Code both govern and direct student conduct, to promote a safe environment that is conducive to academic success and to ensure that each University student graduates ready to contribute to society as an ethical citizen.

"Academic dishonesty" or "scholastic dishonesty" includes, but is not limited to, cheating, plagiarism, collusion, falsifying academic records, misrepresenting facts, and any act designed to give unfair academic advantage to the student (such as, but not limited to, submission of essentially the same written assignment for two classes without the prior permission of the instructor), or the attempt to commit such an act.

"Cheating" includes (but is not limited to)

- (1) copying from another student's test paper, project, or other assignment;
- (2) failing to comply with instructions given by the person administering a test, project, or other assignment, or given in conjunction with the completion of course requirements;
- (3) use or possession of materials that are not authorized by the person giving the test, project, or other assignment, including but not limited to class notes, calculators, electronic devices, and specifically designed "crib notes"; the presence of textbooks constitutes a violation only if they have been specifically prohibited by the person administering the test;
- (4) providing aid or assistance to or receiving aid or assistance from another student or individual, without authority, in conjunction with a test, project, or other assignment;
- (5) discussing the contents of a test with another student who will take the test;
- (6) divulging the contents of a test, for the purpose of preserving questions for future use, when the instructor has designated that the test is not to be removed from the examination room or is not to be returned to or kept by the student;
- (7) substituting for another person or permitting another person to substitute for oneself to take a class, a test, or any class-related assignment;
- (8) using, buying, stealing, transporting, soliciting, or coercing another person to obtain answers to or information about an administered test, project, or other assignment;
- (9) falsifying research data, laboratory reports, other academic work offered for credit, or work done in conjunction with the completion of course requirements;
- (10) taking, keeping, misplacing, or damaging the property of the University, or of another, if the student knows or reasonably



should know that an unfair academic advantage would be gained by such conduct; (11) altering a test paper, project, or other assignment to gain an academic advantage.

Tentative Schedule of Topics

Class Day	Day	Date	Topics	Text Reading
1	Thursday	2-Jun	Course Overview, Basics of World Trade and Trade Model Assumptions	F&T Chapter 1: pp.1-16
2	Friday	3-Jun	Ricardarian Model: Absolute Advantage, Comparative Advantage, PPF	F&T Chapter 2: pp. 31-42
3	Monday	6-Jun	Ricardian Model: Consumption, Production, Real Wages in Autarky	F&T Chapter 2: pp. 42-50
4	Tuesday	7-Jun	Ricardian Model: International Trade Eq'm	F&T Chapter 2: pp. 50-53
5	Wednesday	8-Jun	Ricardian Model: Terms of Trade and Gains from Trade	F&T Chapter 2: pp. 53-57
6	Thursday	9-Jun	Finish Ricardian Model, Extensions	Class Notes
7	Friday	10-Jun	Specific Factors Model: Technology Assumptions, PPFs, and Autarky Eq'm	F&T Chapter 3: pp. 61-65
8	Monday	13-Jun	EXAM 1	No Lecture
9	Tuesday	14-Jun	Specific Factors Model: Comparative Advantage and Trade Equilibrium	F&T Chapter 3: pp. 65-69
10	Wednesday	15-Jun	Specific Factors Model: The effects of trade on real factor prices, winners and losers from trade	F&T Chapter 3: pp. 70-88
11	Thursday	16-Jun	Finish Specific Factors Model, Start HO Model: Assumptions, PPF's, Autarky Eq'm, Free Trade Eq'm, and HO Thm	F&T Chapter 4: pp. 91-101
12	Friday	17-Jun	HO Model: Testing the HO Thm, Leontief Paradox, and alternate assumptions	F&T Chapter 4: pp. 101-112
13	Monday	20-Jun	HO Model: Effects of trade on real factor prices (Stopler-Samuelsom Theorem	F&T Chapter 4: pp. 112-121
14	Tuesday	21-Jun	Finish HO Model, Policy Implications	Class Notes
15	Wednesday	22-Jun	Factor Migration: Labor Migration in the Short Run	F&T Chapter 5: pp. 125-139
16	Thursday	23-Jun	Factor Migration: Labor Migration in the Long Run, Rybczynski Theorem	F&T Chapter 5: pp. 139-148
17	Friday	24-Jun	Factor Migration: Capital Migration in the short and long run, Foreign Direct Investment, Gains from Factor Migration	F&T Chapter 5: pp. 148-165
18	Monday	27-Jun	EXAM 2	No Lecture



19	Tuesday	28-Jun	Increasing Returns to Scale (IRS) and Monopolistic Competition (MC): Monopoly Review, Monopolistic Competition Assumptions, Monopolistic Competition Long Run Eq'm	F&T Chapter 6: pp. 169-177 and Class Notes
20	Wednesday	29-Jun	IRS and MC: Krugman-Obstfeld-Melitz Model	Class Notes
21	Thursday	30-Jun	IRS and MC: Krugman-Obstfeld-Melitz Extension: Firm Heterogeneity, Gravity Model	Class Notes and F&T Chapter 6, pp.190-196
22	Friday	1-Jul	Trade Policy under Perfect Competition: GATT/WTO Principles, Welfare Analysis Review, Effects of tariffs for Small Country	F&T Chapter 8: pp. 235-256
	Monday	4-Jul	No Class/ Holiday	
23	Tuesday	5-Jul	Trade Policy under Perfect Competition: Effects of tariffs for Large Country, Effects of Quotas	F&T Chapter 8: pp. 235-269
24	Wednesday	6-Jul	Finish Chapter 8, Numerical Examples, Review	Class Notes
25	Thursday	7-Jul	EXAM 3	No Lecture