

International Trade
Econ 4321-001
SP 2016

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Section Information: Econ 4321-001

Web Site: <http://wweb.uta.edu/faculty/myasar/>

<https://www.uta.edu/mentis/public/#profile/profile/view/id/4040/category/1>

Class Hours: 11:00AM – 12:20 PM TUTH

TH 101

Office Hours: 1:00 - 2:30 PM TU

and by appointment

Course Description

The course provides an understanding of international trade (international movement of goods and services), migration (international movement of labor), and investment (cross-border movement of assets) theories. It is designed to better understand the implications of such theories as they relate to international business management. It helps managers deal with the opportunities and challenges created by the global environment. The course uses relevant materials in the form of lectures, case studies, and analysis of a range of international issues confronting international trade and investment.

You are encouraged to read relevant articles in daily newspapers and magazines such as The Wall Street Journal, Financial Times, Bloomberg Businessweek and the Economist. Reading will help you not only to keep up with current issues in the world economy but also will improve your understanding of the topics covered in this course by giving you the opportunity to see how what you learn in the course is applied or can be applied to the current issues of the world economy. These resources are available at the library. I encourage you to utilize Factiva, which provides access to articles in national and international newspapers, magazines, and journals. Click on the following link.
<http://uta.summon.serialssolutions.com/search?utf8=%E2%9C%93&s.q=factiva#!/search?q=factiva>

Course Objectives/Student Learning Outcome

The objectives of the course are twofold. One is to introduce students to the basic concepts and models in international trade and investment. The other is to provide an atmosphere for students to apply these basic tools to current policy issues in the world economy. Upon completion of this course, students should be able to use the international trade and investment theories to analyze policy issues in the world economy. They should have a working knowledge of tools that most directly influence the decisions multinational firms make in the global environment, and thus be able to make efficient international investment decisions. Prerequisite: Consent of Instructor.

Required Textbook

W. Charles Sawyer and Richard L. Sprinkle, *Applied International Economics*, 4th edition, 2015, Routledge.

http://www.amazon.com/Applied-International-Economics-Charles-Sawyer-ebook/dp/B00VA7H8TS/ref=mt_kindle?_encoding=UTF8&me=

<https://itunes.apple.com/us/book/applied-international-economics/id980620590?mt=11>

Although this is the textbook that we will follow for some topics, the lectures will also be based on some of the articles in the trade literature. I have chosen some articles that will be covered during the semester. I encourage you to read the articles that will be assigned during the semester for a certain subject. **Throughout the semester, I will assign required readings and the articles for which you need to write a report**

Suggested Textbook

Robert C. Feenstra and Alan M. Taylor, *International Economics*, 1st edition, 2008, New York: Worth Publishers.

T. Pugel. *International economics*, 13th edition, 2007, New York: McGraw Hill.

Paul R. Krugman and Maurice Obstfeld, *International Economics: Theory and Policy*, 8th edition, 2009, New York: Pearson/Addison-Wesley (KO).

Sjoerd Beugelsdijk, Steven Brakman, Harry Garretsen, Charles Van Marrewijk, Arjen van Witteloostuijn, *International Economics and Business Nations and Firms in the Global Economy*, 2013, 2nd Edition, Cambridge University Press.

David Miles, Andrew Scott, and Francis Breedon, *Macroeconomics: Understanding the Global Economy*, Third Edition. John Wiley & Sons, 2012

Malcolm Gladwell, *Outliers: The Story of Success*, 2008, Little, Brown & Company.

Descriptions of Examinations and Major Assignments

Exam – The examination tests both your understanding of the concepts studied in the course and your ability to apply them to problem situations. If you have conflicts with the exam date contact me immediately (prior to the exam dates). Missed exam will be given a grade of zero unless adequate evidence is presented, preferably before the exam that missing the exam cannot be avoided.

Assignments -There will be several assignments and case studies, which will test both your understanding of concepts studied and your ability to apply them to problem situations confronting international trade and investment. You will write a report (a maximum of 1 single-spaced typed page) and then present it verbally in class. Understanding of some papers comes only through detailed written analysis. Verbal reports also help ensure adequate understanding of the material. A verbal report is a structured evaluation and overview of a paper. A format for the verbal report will be provided. You are expected to come to class prepared for discussion, having read the

assigned paper(s). A randomly chosen participant(s) will be asked to summarize the paper for about 3 minutes. The papers will be announced ahead of time.

Presentation- Participants are expected to choose a topic that is related to international trade and give a short formal group presentation. Each presentation should take about 8-15 minutes, including the questions and comments from the audience. Each group member should participate. Everyone is expected to attend all presentations and be ready to ask questions. I will give you a more detailed description of the presentation during the semester, but at this point I suggest you start thinking about topics that you would like to address. Throughout the term we will discuss various topics that hopefully will trigger ideas of your own. I will also post a list of topics on the class conference. I will provide a form that identifies the main factors you should consider for the presentations.

Group Assignments

You will be asked to form a group of no more than three people during the first week of class. Please have one of the group members email me with the names of the members. Group assignments include the homework assignments, verbal reports, and a presentation.

Blackboard

I will use Blackboard, an electronic learning software platform, for the distribution of course information. There are detailed instructions on the use of Blackboard that can be accessed at <http://www.uta.edu/blackboard/index.html>. Be sure to check it on a regular basis for announcements, lecture notes, case studies, data sets, assignments, and other material related to class.

Attendance

Attendance is not required but you are virtually guaranteed to do poorly if you skip classes. I do not always stick to the book. You are responsible for all material, including topics covered in class that are not in the book or are treated differently from the book. I will not factor attendance at class meetings into the grade, but attendance is strongly encouraged.

At The University of Texas at Arlington, taking attendance is not required. Rather, each faculty member is free to develop his or her own methods of evaluating students' academic performance, which includes establishing course-specific policies on attendance.

Grading

Course requirements consist of midterm exam (36%), assignments (18%), presentation (10%), and final exam (36%). The grading scheme is as follows. 90-100% (A); 80-89.9% (B); 70-79.9% (C); 60-69.9% (D); < 59.9% (F).

Expectations for Out-of-Class Study

Beyond the time required to attend each class meeting, students enrolled in this course should expect to spend at least an additional 12 hours per week of their own time in course-related activities, including reading required materials, completing assignments, preparing for exams, etc.

Make-up Exams

Missed exam will be given a grade of zero unless adequate evidence is presented, preferably before the exam that missing the exam cannot be avoided.

Participant-Faculty Communication

You are expected to come to class prepared by reading and doing relevant assignments prior to class. You are expected and encouraged to ask questions and participate in class discussions. Your ideas, comments, suggestions, questions, etc. are always welcome. You can drop by my office anytime if you have any questions or concerns. You may come during office hours, or schedule an appointment because I may not be there all the time. I can also be reached through email or voice mail. I endeavor to create an atmosphere that is favorable for learning through the encouragement of creativity, self-initiative, and dialogue. You are encouraged to ask questions in order to stimulate discussion and enhance understanding. **Please do not hesitate to see me if you have difficulty with the course material or need to discuss something with me.** I look forward to working with you this semester.

Grade Grievances

Any appeal of a grade in this course must follow the procedures and deadlines for grade-related grievances as published in the current undergraduate catalog. See the information at <http://www.uta.edu/gradcatalog/2012/general/regulations/#grades>.

Drop Policy

Students may drop or swap (adding and dropping a class concurrently) classes through self-service in MyMav from the beginning of the registration period through the late registration period. After the late registration period, students must see their academic advisor to drop a class or withdraw. Undeclared students must see an advisor in the University Advising Center. Drops can continue through a point two-thirds of the way through the term or session. It is the student's responsibility to officially withdraw if they do not plan to attend after registering. Students will not be automatically dropped for non-attendance. Repayment of certain types of financial aid administered through the University may be required as the result of dropping classes or withdrawing. For more information, contact the Office of Financial Aid and Scholarships (<http://www.uta.edu/aao/fao/>).

Disability Accommodations

UT Arlington is on record as being committed to both the spirit and letter of all federal equal opportunity legislation, including The Americans with Disabilities Act (ADA), The Americans with Disabilities Amendments Act (ADAAA), and Section 504 of the

Rehabilitation Act. All instructors at UT Arlington are required by law to provide “reasonable accommodations” to students with disabilities, so as not to discriminate on the basis of disability. Students are responsible for providing the instructor with official notification in the form of a letter certified by the Office for Students with Disabilities (OSD). Students experiencing a range of conditions (Physical, Learning, Chronic Health, Mental Health, and Sensory) that may cause diminished academic performance or other barriers to learning may seek services and/or accommodations by contacting: The Office for Students with Disabilities, (OSD) www.uta.edu/disability or calling 817-272-3364. Counseling and Psychological Services, (CAPS) www.uta.edu/caps/ or calling 817-272-3671. Only those students who have officially documented a need for an accommodation will have their request honored. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at www.uta.edu/disability or by calling the Office for Students with Disabilities at (817) 272-3364.

Title IX

The University of Texas at Arlington does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disabilities, genetic information, and/or veteran status in its educational programs or activities it operates. For more information, visit uta.edu/eos. For information regarding Title IX, visit www.uta.edu/titleIX.

Academic Integrity

Students enrolled all UT Arlington courses are expected to adhere to the UT Arlington Honor Code:

I pledge, on my honor, to uphold UT Arlington’s tradition of academic integrity, a tradition that values hard work and honest effort in the pursuit of academic excellence. I promise that I will submit only work that I personally create or contribute to group collaborations, and I will appropriately reference any work from other sources. I will follow the highest standards of integrity and uphold the spirit of the Honor Code.

UT Arlington faculty members may employ the Honor Code as they see fit in their courses, including (but not limited to) having students acknowledge the honor code as part of an examination or requiring students to incorporate the honor code into any work submitted. Per UT System Regents’ Rule 50101, §2.2, suspected violations of university’s standards for academic integrity (including the Honor Code) will be referred to the Office of Student Conduct. Violators will be disciplined in accordance with University policy, which may result in the student’s suspension or expulsion from the University.

Student Support Services

UT Arlington provides a variety of resources and programs designed to help students develop academic skills, deal with personal situations, and better understand concepts and information related to their courses. Resources include tutoring, major-based learning centers, developmental education, advising and mentoring, personal counseling, and

federally funded programs. For individualized referrals, students may visit the reception desk at University College (Ransom Hall), call the Maverick Resource Hotline at 817-272-6107, send a message to resources@uta.edu, or view the information at <http://www.uta.edu/universitycollege/resources/index.php>

Electronic Communication

UT Arlington has adopted MavMail as its official means to communicate with students about important deadlines and events, as well as to transact university-related business regarding financial aid, tuition, grades, graduation, etc. All students are assigned a MavMail account and are responsible for checking the inbox regularly. There is no additional charge to students for using this account, which remains active even after graduation. Information about activating and using MavMail is available at <http://www.uta.edu/oit/cs/email/mavmail.php>.

Student Feedback Survey

At the end of each term, students enrolled in classes categorized as “lecture,” “seminar,” or “laboratory” shall be directed to complete an online Student Feedback Survey (SFS). Instructions on how to access the SFS for this course will be sent directly to each student through MavMail approximately 10 days before the end of the term. Each student’s feedback enters the SFS database anonymously and is aggregated with that of other students enrolled in the course. UT Arlington’s effort to solicit, gather, tabulate, and publish student feedback is required by state law; students are strongly urged to participate. For more information, visit <http://www.uta.edu/sfs>.

Final Review Week

A period of five class days prior to the first day of final examinations in the long sessions shall be designated as Final Review Week. The purpose of this week is to allow students sufficient time to prepare for final examinations. During this week, there shall be no scheduled activities such as required field trips or performances; and no instructor shall assign any themes, research problems or exercises of similar scope that have a completion date during or following this week unless specified in the class syllabus. During Final Review Week, an instructor shall not give any examinations constituting 10% or more of the final grade, except makeup tests and laboratory examinations. In addition, no instructor shall give any portion of the final examination during Final Review Week. During this week, classes are held as scheduled. In addition, instructors are not required to limit content to topics that have been previously covered; they may introduce new concepts as appropriate.

Emergency Exit Procedures

Should we experience an emergency event that requires us to vacate the building, students should exit the room and move toward the nearest exit, which is located [insert a description of the nearest exit/emergency exit]. When exiting the building during an emergency, one should never take an elevator but should use the stairwells. Faculty members and instructional staff will assist students in selecting the safest route for evacuation and will make arrangements to assist handicapped individuals.

The English Writing Center (411LIBR)

Hours are 9 am to 8 pm Mondays-Thursdays, 9 am to 3 pm Fridays and Noon to 5 pm Saturdays and Sundays. Walk In Quick Hits sessions during all open hours Mon-Thurs. Register and make appointments online at <http://uta.mywconline.com>. Classroom Visits, Workshops, and advanced services for graduate students and faculty are also available. Please see www.uta.edu/owl for detailed information.

Useful Library Links

Library Home Page<http://www.uta.edu/library>
Subject Guides<http://libguides.uta.edu>
Database List.....<http://www-test.uta.edu/library/databases/index.php>
Course Reserves.....<http://pulse.uta.edu/vwebv/enterCourseReserve.do>
Library Catalog<http://discover.uta.edu/>
E-Journals<http://utalink.uta.edu:9003/UTAlink/az>
Library Tutorials<http://www.uta.edu/library/help/tutorials.php>
Connecting from Off- Campus<http://libguides.uta.edu/offcampus>
Ask A Librarian<http://ask.uta.edu>
Business Library..... <http://www.uta.edu/library/eb/>

Important Dates

First Day of Semester: Tuesday, January 19
Midterm Exam: Thursday, March 3, in class
Spring Break: Monday-Friday, March 14-18
Last Day of Classes: Friday, May 6
Last Day to Drop: Friday, April 1
Final Exam Dates: May 7 - 12
Final Exam: Tuesday, May 10, 11:00-1:30pm.

Course Outline/Schedule

(Note that this is a tentative schedule subject to modification during the course of the semester. If any changes are made they will be announced in advance. I will provide copies of the power point slides).

Course Overview, International Trade Theory and International Business (Ch. 1 and Ch. 2) Rodrik, D. (2001). "Trading in Illusions." <i>Foreign Policy</i> , 55-62.
The Standard Theory of International Trade (Ch.2 and Ch. 3) Golub, S. (1998). "Does Trade with Low-Wage Countries Hurt American Workers?" <i>Federal Reserve Bank of Philadelphia Business Review</i> .
Resources, Comparative Advantage, and Income Distributions (Ch. 4)

<p>Freeman, R. (1995). “Are Your Wages Set in Beijing?” <i>Journal of Economic Perspectives</i>, 9(3)15-32</p> <p>Empirical Tests of the Heckscher-Ohlin Theory (Ch. 4)</p> <p><i>Case 1</i></p>
<p>Economies of Scale, Imperfect Competition, and International Trade (Ch. 5)</p> <p>Broda, C. and D. Weinstein (2005). “Are We Underestimating the Gains from Globalization for the United States?” <i>Current Issues in Economics and Finance, FRB of New York</i>, 11(4), 1-7.</p>
<p>The Firm in the World Economy (Ch. 6)</p>
<p>International Movement of of Capital and Labor Inputs (Ch. 7)</p> <p>Baily, M. N. and D. Farrel (2004). “Is Your Job Headed for Bangalore? The Myths and Realities of Outsourcing.” <i>Milken Institute Review</i>, Fourth Quarter, pp.33-41.</p> <p>Blinder, A. S. (2006). “Offshoring: The Next Industrial Revolution?” <i>Foreign Affairs</i>, 85 (2), 113-128.</p> <p>Lucas, R.E. (1990). “Why doesn’t Capital Flow from Rich to Poor Countries?,” <i>American Economic Review</i>, 92-96.</p>
<p>Trade Restrictions: Tariffs (Ch. 8)</p>
<p>Trade Restrictions: Non-Tariff Barriers (Ch. 9)</p> <p>Feenstra, R. C. (1992). “How Costly is Protectionism?” <i>Journal of Economic Perspectives</i>, 6(3), 1992, pp. 159-178.</p> <p><i>Case 2</i></p>
<p>International Trade Policy/ The Political Economy of International Trade (Ch. 10)</p> <p>Magee, C., & Magee, S. (2010). Endogenous Trade Protection: A survey. In D. Coen, W. Grant, & G. Wilson (Eds.), <i>The Oxford Handbook of Business and Government</i> (pp. 703–729). Oxford: Oxford University Press.</p> <p>Yaşar, M. (2013). “Political Influence of Exporting and Import-Competing Firms: Evidence from Eastern European and Central Asian Countries.” <i>World Development</i>, 51, 154-168.</p>
<p>Economic Integration/ International Trade Agreements (Ch. 11)</p> <p>Krueger, A. (1999). “Are Preferential Trading Arrangements Trade-Liberalizing or Protectionist?” <i>Journal of Economic Perspectives</i>, 13, pp. 105-24.</p> <p><i>Case 3</i></p>
<p>International Trade and Economic Growth (Ch. 12)</p> <p>Frankel, Jeffrey, and David Romer (1999). “Does Trade Cause Growth?” <i>American Economic Review</i> 89 (3): 379-399.</p> <p>Wacziarg, Romain, and Karen .H. Welch (2003). “Trade Liberalization and Growth: New Evidence.” NBER Working Paper 10152 National Bureau of Economic Research, Cambridge, MA.</p>
<p>Sample Discussion Topics</p> <ol style="list-style-type: none"> 1. Gravity in a World of Disembodied Knowledge. 2. Global Production and Service: Outsourcing, Offshoring, Nearshoring, Research and Development, Service Trade. 3. The New Trade Theory that Allows for Firms’ Heterogeneity within the Same Industry. 4. The Role Individual Firms Play in Transferring Foreign Technology and Knowledge. 5. Institutions Role on the Relationship between Trade and Growth. 6. Empirical Evidence on the Political Influence of Exporting Versus Import-Competing Firms. 7. Structure of the Cross-Border Mergers and Acquisitions in Emerging Countries. 8. The FDI from the Emerging Markets and its Implications. 9. The Relationship between Trade and Environment. 10. The Global Economic Crisis in 2008 and its Causes and Worldwide Impact. How Individual

Countries Managed the Crisis and What is the Relationship between the Crisis and the International Trade.

- 11.** Imposed Tariffs on Imports of Chinese Tires in 2009 and its Consequences.
- 12.** Imposed Tariffs on Imports of European Steel Products in 2002 and its Consequences.
- 13.** International Trade, International Business, International Management.
- 14.** The Determinants of FDI: Competitive (Firm-Specific Advantages) and Comparative Advantages.
- 15.** Trade Liberalization and Economic Growth: Empirical Evidence.
- 16.** Strategic Trade Theory.
- 17.** Trade and Increasing Income Inequality.
- 18.** Export Diversification across Markets and Products, and Firm Performance.
- 19.** Productivity, Trade, Human Capital, Technology, and Institutions.
- 20.** Waves of Globalization.
- 21.** The Economic Impact of Immigration.