

Prerequisites: Econ 251, Econ 252 (Principles of Microeconomics, Principles of Macroeconomics)

Class meets:

Section 1-1 Tues-Thur 1:30 – 2:45 KRAN G020

Section 2-1 Tues-Thur 3:00 – 4:15 KRAN G020

Contact information:

Professor David Hummels Office: Rawls 4025 Hours: T-TH 4:15-5:15

TA/Grader: Tannista Banerjee Office: KRAN 516 Hours: MW 12-1.

My Web Site: <http://www.mgmt.purdue.edu/faculty/hummelsd/econ370/econ370home.htm>

What you will find there: course announcements, homework problems and answers, sample exams, exam answer keys, supplementary lecture notes, optional readings links. This is my primary conduit of information outside of class. All students are expected to make use of this site for course materials: homework problem sets and answer keys will be posted there AND NOT HANDED OUT IN CLASS.

Textbook: Feenstra and Taylor, “International Trade” + Study Guide

Course Grades:

Midterm 30%
Homework Problem Sets (best 3 of 4) 30%
Final Exam 40%

Dates	Assignment/Exam (all in class)
Sep 11	Homework 1
Sep 25	Homework 2
Oct 9	Midterm
Nov 4	Homework 3
Dec 2	Homework 4

Additional notes about grades and exams:

1. For the final grade I aim roughly for a class-wide GPA of 3.0, with 25% A's, 50% B's, and 25% C's. I will use +/- grades and assign grades lower than C- as earned.
2. The midterm and final exams are closed book, but you may bring one sheet of 8.5 x 11 paper with you to the exam (with writing on both sides). This sheet may contain whatever material you like.
3. The midterm covers the first part of the course. The final is cumulative over the entire term but heavily emphasizes content subsequent to the midterm.
4. Late problem sets will not be accepted. Note that one problem set score will be dropped in calculating that portion of the overall grade. If you have a conflict that prevents you from handing a problem set in on time that set will be dropped from the overall score.

Regrade Policy

Homework Problems : I do not accept re-grade requests for homework problems.

Exams: I am willing to entertain re-grade requests, subject to the following rules.

1. Re-grade requests for exams will only be accepted within one week of handing the exams back.
2. Requests must be written, and explain clearly why you feel you deserve more points. “My answer looks just like the key” is not a reason.
3. We re-grade the entire exam, not just the question you have highlighted. Since errors in grading go both ways, and a re-grade request is an assertion that errors have occurred, we want to make certain to eliminate all errors. *This means that your grade can go up and it can go down.*
4. We will answer the re-grade request within a week, in writing. At that point, the grade is final and not subject to further discussion.

How to Get a Good Grade in this Course

1. Come to class, *all the time*. In the past, the single best predictor of final grades has been class attendance. Every year, some portion of my students stop showing up as the term wears on. These people consistently get C's and worse. Getting notes from your friends and from class note sales people is a poor substitute. Why? Because most of the learning you will do actually takes place in the process of hearing and seeing the material from the professor, and transcribing it into your notes. Re-reading the material later provides an additional small benefit, but it is much less valuable than if you wrote the notes yourself.
2. Be disciplined about keeping up with the material. I suggest the following
 - a. Read the relevant textbook chapter before class, take notes, and work the problems in the study guide that is bundled with the text. The study guide is an excellent resource for working through problems very similar to what you'll see on homeworks and exams, and contains answers to all the problems.
 - b. Take diligent notes in class. Use lots of paper.
 - c. Immediately review the notes after class to see what you understand and what is unclear, while it is still fresh. This should probably take no more than 20 minutes for each class. Check the unclear parts against the text, or if necessary, with the professor or the TA. If you wait 4 weeks until the midterm, you probably won't understand the cryptic nonsense you wrote in the moments before dozing off.
 - d. Take the problem sets seriously.
 - e. At least a week before midterms, start by reviewing your notes, and doing practice exams (without the answer key in front of you). Give yourself a couple of days to figure out what you don't understand so you can consult with the professor or the TA.

Now, are any of you going to do all that? Of course not. But humor me and think about it.

Course Schedule:

Below I have laid out a schedule of readings and topics for the term. This should be regarded as a likely but not 100% certain schedule as some topics may run somewhat shorter or longer than planned. All readings in the Feenstra-Taylor (FT) text are listed. I will provide more information on which pages and sections to emphasize as we go along. I may also provide additional readings later in the term, especially to supplement application classes.

SCHEDULE			
class #	Date	Topic	Reading
1, 2	Aug 26,28	Introduction and Overview of Globalization	Chapter 1; handout
3,4	Sep 2,4	Trade and Technology	Chapter 2
5	Sep 9	Application: Sweat shops and child labor	Chapter 11.2, handout
6-8	Sep 11,16,18	Specific Factors Model	Chapter 3
9,10	Sep 23, 25	Application: Trade and the environment	Chapter 11.3, handout
11-13	Sep 30, Oct 2,7	Resources and Trade: Heckscher-Ohlin Model	Chapter 4
14	Oct 9	MIDTERM EXAM	
	Oct 14	No Class: October Break	
15	Oct 16	Balance of Payments	Handout
16,17	Oct 21,23	Movement of Labor and Capital	Chapter 5
18,19	Oct 28,30	Outsourcing and the wage effects of trade	Chapter 7
20-22	Nov 4,6,11	Increasing Returns to Scale and Trade	Chapter 6
23	Nov 13	Application: the pharmaceutical industry	Handout
24-26	Nov 18,20,25	Import Tariffs and Quotas	Ch 8, Ch Chapter 11 Section 1
27-28	Dec 2,4	Subsidies	Chapter 10.1-10.4
29,30	Dec 9,11	Strategic Trade Policy	Chapter 9, 10.5