

Economics 321(01) The Global Trading System

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Lecture Location: SA 147
Lecture Days/Time: MW: 9:00 – 11:45 pm

Office: SS338
Office Hours: By appointment

Spring 2017

Course Description:

This course provides an introduction to a variety of topics concerning the global trading system and trade policy. These topics include: classical trade theory based on absolute and comparative advantage, the specific-factors model, the Heckscher-Ohlin theory, new trade theory based on imperfect competition, international trade policies including tariffs, non-tariff trade barriers, international trade agreements and the role of the World Trade Organization (WTO). Initial lectures focus on theoretical and empirical components of trade theory, whereas the latter portion of the course identifies the institutional framework and examines current issues associated with trade.

The Department of Economics offers two follow-up courses, Economics 425 (International Trade) and Economics 423 (International Macroeconomics). Economics 425 provides students with a more detailed explanation of trade flows and examines issues such as: strategic trade policy in the presence of imperfect competition; trade, growth and technological change; trade-related aspects of intellectual property; and trade, trade policy and the environment. Economics 423 examines international economics from a macro-economic perspective including the financial side of international economics such as exchange rates.

Prerequisites:

Economics 201 and 203

Recommended Textbook:

Feenstra, R.C., and A. M. Taylor (2017). *International Trade* (4th ed). Worth Publishers.

Reserved Readings:

Required readings will be posted on the D2L site as we progress through the course.

Course content includes, but is not limited to, the following text chapters:

<u>General Topic</u>	<u>Chapters in Feenstra & Taylor</u>
Introduction	Chapter 1
Terms of Trade, Gains from Trade, Patterns of Trade Early models (Smith, Ricardo)	Chapter 2
Terms of Trade, Gains from Trade, Patterns of Trade Extensions (Specific Factors, Heckscher-Ohlin)	Chapters 3 & 4
“New” Trade Models (Imperfect Competition/Returns to Scale)	Chapter 6
International Trade Policy (Protectionism – tariffs, non-tariff barriers)	Chapters 8 & 9
International Trade Agreements (WTO, NAFTA, and Important Cases)	Chapter 11

NOTE: Depending on time constraints, some topics may be added or deleted.

Course Objectives/Learning Outcomes:

The objectives and learning outcomes in this course are developed using two distinct, although not necessarily separate, approaches: (i) theoretical and (ii) policy.

From a theoretic perspective, we extend the technical expertise and concepts acquired in the Principles of Economics courses to develop *trade models* suitable to examine international trade issues (*e.g.*, terms of trade, patterns of trade, and gains/losses from trade). These models identify observed behaviour in the global trading system and are used to forecast important micro and macro variables in the economy. In this context, students hone and improve their technical skills – mathematical, graphical, and intuitive – and recognize the merits and short-comings of the various models.

The reality, however, is that the global trading system and in particular, *trade policy*, is often driven by factors other than pure economic theory. Political, social, geographic, legal, institutional, and other considerations all play an important role in the formulation of international trade policy. We examine trade policy from these perspectives and use specific examples to highlight the importance of each. In this context, students recognize the important distinction between theory and practice.

Some of the specific course competencies and outcomes include:

- i. critical thinking through demonstrated quantitative literacy, including working with data, statistics, and algebra;
- ii. critical thinking through demonstrated written literacy;
- iii. independent thinking through demonstration of the ability to explain and analyze economic/political arguments for logical consistency and sequence of argument;
- iv. communication through use of mathematical language and graphical presentation as well as through sequential verbal and written argument;
- v. information evaluation through the ability to use economic models and specific macroeconomic tools.

Course Requirements/Assessments

- (i) There are two assignments worth 15% each; one due on May 31st and the other on June 19th. **Assignments must be submitted on the due date at the beginning of class** – no exceptions, no pleas for mercy will be entertained.
- (ii) There will be one mid-term examination, to be held on Monday June 5th and may consist of theoretical, mathematical, graphical, applied, and/or “readings” questions. **Make-up mid-terms will not be given.** In cases of documented illness, documented family emergency, or documented religious observance, the weight of the mid-term will be allotted to the final examination.
- (iii) A final exam worth 40% will be written during the final exam period as scheduled by the registrar. The final exam is cumulative and is 2 hours in length as scheduled by the Registrar’s office. More information will be provided towards the end of the term.

<u>Assessment</u>	<u>Value</u>
Assignment #1 – May 31, 2017	15%
Midterm – June 5, 2017	30%
Assignment #2 – June 19, 2009	15%
Final Exam – Exam period (June 28-30)	40%
	<u>100%</u>

Desire2Learn

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Grade Determination and Final Examination Details

Department of Economics Criteria for Letter Grades. Economics professors use the following criteria when assigning letter grades:

Grade	Grade Point Value	Description	Grade	Grade Point Value	Description
A+	4.00	Outstanding	C+	2.30	
A	4.00	Excellent-superior performance, showing-comprehensive understanding of subject matter	C	2.00	Satisfactory – basic understanding of the subject matter
A-	3.70		C-	1.70	Receipt of a grade point average of 1.70 may not be sufficient for promotion or graduation. (See individual undergraduate faculty regulations.)
B+	3.30		D+	1.00	
B	3.00	Good – clearly above average performance with knowledge of subject matter generally complete.	D	1.00	Minimal pass – marginal performance; generally insufficient preparation for subsequent courses in the same subject.
B-	2.70		F	0	Fail – unsatisfactory performance or failure to meet course requirements
			I	0	Incomplete – unsatisfactory (effective January 2007)

Grading Scale

A+	95 – 100	B	73 – 76	C-	60 – 62
A	85 – 94	B-	70 – 72	D+	56 – 59
A-	80 – 84	C+	67 – 69	D	50 – 55
B+	77 – 79	C	63 – 66	F	0 – 49

Assignments, tests and the final exam are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

Note: *Non-programmable* calculators will be allowed during the writing of examinations and **may** involve multiple choice questions.

Laptops (and tablets) are permitted for note taking. Cell phone and other electronic cameras, however, are NOT an acceptable form of note taking.

Reappraisal of Grades

For reappraisal of graded term work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For reappraisal of final grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

A student who feels that a piece of graded term work (e.g., assignment, test) has been unfairly graded, may have the work re-graded as follows. The student shall discuss the work with the instructor within 7 days of being notified about the mark or of the item's return to the class; no reappraisal of term work is permitted after the 7 days. If not satisfied, the student shall immediately take the matter to the Head of the department offering the course, who will arrange for a reassessment of the work within the next 7 days. The reappraisal of term work may cause the grade to be raised, lowered, or to remain the same. If the student is not satisfied with the decision and wishes to appeal, the student shall address a letter of appeal to the Dean of the faculty offering the course within 7 days of the unfavourable decision. In the letter, the student must clearly and fully state the decision being appealed, the grounds for appeal, and the remedies being sought, along with any special circumstances that warrant an appeal of the reappraisal. The student should include as much written documentation as possible.

Plagiarism and Other Academic Misconduct

Intellectual honesty is the cornerstone of the development and acquisition of knowledge and requires that the contribution of others be acknowledged. Consequently, plagiarism or cheating on any assignment is regarded as an extremely serious academic offense. Plagiarism involves submitting or presenting work in a course as if it were the student's own work done expressly for that particular course when, in fact, it is not. Students should examine sections of the University Calendar that present a Statement of Intellectual Honesty and definitions and penalties associated with Plagiarism/Cheating/Other Academic Misconduct,

<http://www.ucalgayr.ca/pubs/calendar/current/k.html>

Academic Accommodation

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. For additional information on support services and accommodations for students with disabilities Visit www.ucalgary.ca/access/.

Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at www.ucalgry.ca/policies/files/policies/student-accommodation-policy_0.pdf

Absence from a Quiz/Test/Exam

THERE WILL BE NO MAKEUP OR DEFERRED TESTS or EXAMS under any circumstances, nor may the tests/exams be written early. Students unable to write the tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted according to format discussed in “Course Requirements/Assessments” above ; otherwise a grade of zero will be assigned. If a student cannot write their final exam on the date assigned by the Registrar’s Office, they need to apply for a deferred exam www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the department.

Important Dates

Date		
M	May 15	Lecture begins.
F	May 19	Last day to drop a class without financial penalty
F	May 19	Last day to add or swap courses.
M	May 22	Victoria Day. No classes. University closed
W	May 24	Tuition and Fee Payment Deadline
T	Jun 27	Spring Term Classes End
W-F	Jun 28-30	Spring Term Final Examination Period

Faculty of Arts Students’ Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: econrep@fasaucalgary.ca Web: www.fasaucalgary.ca

Society of Undergraduates in Economics: www.ucalgarysue.com

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members.

Faculty of Arts Program Advising and Student Information Resources

- Have a question, but not sure where to start? The Arts Students’ Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580 or email them at artsads@ucalgary.ca. You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.
- Online writing resources are available at <http://www.ucalgary.ca/ssc/resources/writing-support>

Evacuation Assembly Point

In case of an emergency evacuation during class, students must gather at the designated assembly point nearest to the classroom. The list of assembly points is found at www.ucalgary.ca/emergencyplan/assemblypoints . Please check this website and note the nearest assembly point for this course.

Safewalk

The Safewalk program provides volunteers to walk students safely to their destination anywhere on campus. This service is free and available 24 hrs/day, 365 days a year. **Call 403-220-5333**