

Economics 425(L01) (International Trade)

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Lecture Location: MS 319
Lecture Days/Time: TR 12:30-13:45

Office: SS 428
Office hours: TR 16:00-17:00

Fall 2018

Course Description:

This course provides a typical introduction to international economics focusing on international trade in goods. It is atypical in that I will motivate the material by use of five or six current policy debates. As you are undoubtedly aware, the Trump Administration has initiated a series of trade actions against several countries (Canada, the EU, China, Russia, etc.). In discussing and evaluating these actions, you will learn about the costs and benefits of international trade, the impact trade policy measures, and gain some familiarity with issues such as: comparative advantage; trade with economies of scale; strategic trade policy in the presence of imperfect competition; trade-related aspects of intellectual property rights; and trade's impact on the environment. Writ large, the course examines the nature, causes and consequences of international trade in order to provide the basis for analyzing aspects of trade policy such as regional preferential trading arrangements such as NAFTA and the European Union, and global trading arrangements such as the World Trade Organization. Writ small, the course will help you make sense of what is happening on the world stage with regard to Trump, trade, and NAFTA.

Course Objectives/Learning Outcomes:

By the end of this course the student will have a very good understanding of the determinants of world trade patterns and the volume of trade flows. They will understand the positive and normative implications of international trade for citizens, and understand the incentives governments have to intervene in international markets. They will also understand how international trade can affect the employment and wages of workers, how it affects environmental outcomes, and how international trade and intellectual property rights protection interact.

Course Outline:

I have organized the material around six very topical trade policy issues. My plan is to spend two weeks discussing and evaluating each issue. Two weeks gives us four lectures to ask and then answer the question under study. I am hoping to stick to the two week window for each topic, but it is possible we either run out of time (and leave one issue untouched) or world events intervene making us spend more time on one topic than another. If we do complete our discussion of six issues, and then include some time for review sessions and a midterm, we will have pretty well exhausted all the course time. In addition, I have thus far arranged for one guest speaker to visit the class (the author of our textbook John McLaren of the University of Virginia), and may invite one or two more if time permits and the speakers agree to come.

Each of the six sections or modules will proceed in much the same way, and there are four elements to each section.

First, there will be an video from YouTube (or similar) introducing the issue (typically courtesy of Trump), together perhaps with some discussion by others (perhaps a clip from the PBS news hour).

Second, there is the lecture material I will provide that gives us the logical framework with which we can discuss the issue. This material is also presented in the book, although my presentation will differ substantially and will be tailored of course to the issue at hand. You will be responsible not only for the lecture material presented in class, but also the material in the Chapters or Chapter sections I assign in class. So for example, the course starts with a discussion of comparative advantage and the elegant model put forward by David Ricardo over 200 years ago. Ricardo's model is the perfect vehicle with which to discuss how differences in technologies across countries affect trade flows, national incomes, and welfare. It is also perfect for a discussion of how the transfer of technology across countries – perhaps accelerated by weak intellectual property rights – creates winners and losers in the global economy. And hence this is how we will frame a discussion of the current dispute between the U.S. and China over intellectual property rights.

Third, trade policy discussions are often full of all kinds of minutiae and detail that the book does not cover and I am not an expert on. To fill this gap, I will typically ask you to listen to one or more podcasts from "Trade Talks" from the Peterson Institute at <https://piie.com/trade-talks>. These are short, very informative, and very detailed discussions of trade policy issues.

Fourth, with the completion of every section there will be an assignment for you to do that will reinforce the material and hopefully prepare you for the examinations.

The six modules are, in brief, organized around the following trade policy issues:

1. Intellectual Property Rights and Trade (Chapters 1 and 2)
2. Special Interests, Trade Policy and the CDN dairy industry (Chapter 5)
3. Immigration, factor flows, and rising wage inequality (Chapter 6)
4. Trade wars and Trade talks (Chapter 7)
5. Why Economists and Environmentalists disagree: trade vs the environment (Chapter 13).
6. Imperfect competition, Rent shifting and the Boeing Bombardier dispute (Chapter 3, 4).

Prerequisites/corequisites:

ECON 357

Required Textbook(s):

International Trade John McLaren Wiley 2013 ISBN-13: 978-0-470-40879-7. The book comes with a full set of slides, practice questions and some quizzes all which will be made available to the students. My lectures will broadly follow the book, but will include more technical and difficult material and will require a more in depth understanding of the arguments that is present in the book or the slides. The Chapter references above are what is currently planned, but I may alter the order of presentation order somewhat. For example, chapter 13 and 7 may come earlier and 5 and 7 later. Additional materials will be available on D2L. Just reading the book and slides will not be a good strategy to pass the course.

Recommended Textbook(s):

None

Books on Reserve:

None

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 will 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:

There will be two examinations. One will be a typical midterm, and the other is a final exam scheduled by the Registrar. The midterm will be on Thursday the 25th of October. In addition there will be a series of assignments due during the year. I plan on five or six assignments. These assignments will have due dates (approximately 10 days from receiving them) and will be marked and returned to the students. Answer keys for the assignments will be provided.

Assignments	30%
Midterm	30%
Final Exam 40%	40%
	100%

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

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work.

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

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during his office hours.

Non-programmable calculators WILL be allowed during the writing of tests or final examinations.

Tests and exams WILL NOT involve multiple choice questions.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the remaining exams; otherwise a grade of zero will be assigned. Documentation MUST be provided.

Reappraisal of Grades and Intellectual Honesty:

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>

Statement of Intellectual Dishonesty, see Calendar K.4

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

Plagiarism and Other Academic Misconduct, see Calendar K.5

<http://www.ucalgary.ca/pubs/calendar/current/k-5.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 <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

Student Organizations:

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

Economics Department Representative

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

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to 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. They invite you to join by contacting SUE at societyofundergradsineconomics@gmail.com.

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 assembly point for this classroom is the Social Science Food 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.**

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. For more information, see <http://www.ucalgary.ca/legalservices/foip/foip-hia>.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note-taking only.

MST

2018-07-28