

## Economics 425(L01) International Trade

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Lecture Location: SB 105  
Lecture Days/Time: MW / 9:00 – 11:45 am

Office: SS338  
Office Hours: By Appointment

Spring 2018

### Course Description:

This course provides a detailed explanation of trade flows, gains from trade and trade policy measures. Once the international trade theory has been addressed, we emphasize current applications, policy development, as well as the institutional framework underlying the interaction between nations. Topics include: comparative advantage, Heckscher-Ohlin theory, trade with economies of scale, tariffs, non-tariff trade barriers, political economy of non-tariff barriers, strategic trade policies under different market structures, dumping, international trade agreements and the role of the World Trade Organization (WTO), and environmental issues associated with trade policy.

Economics 425 complements Economics 321, “The Global Trading System”, by providing more breadth and depth. While Economics 321 is NOT a prerequisite to Economics 425, it does provide a helpful background. Students must either complete ECON 357 prior ECON 425 (or receive permission of the instructor and department).

Course content includes, but is not limited to, the following text chapters in Feenstra & Taylor:

| <u>General Topic</u>                     | <u>Chapters</u> |
|--|-----------------|
| Trade in the Global Economy              | 1               |
| Patterns of International Trade          | 2-5             |
| New Explanations for International Trade | 6               |
| International Trade Policies             | 8, 9, 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 acquired in Econ 357 to develop *trade models* under various assumptions including different market structures (e.g. maximize objective functions subject to specific constraints). These models identify gains/losses from trade, the emergence of trade patterns along with distributional effects (e.g., transfer of income from one sector of the

economy to another). 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 *trade policy* is often driven by factors other than “economics” and theoretical trade models only provide one insight to the policy process. Political, social, environmental, and other considerations all play an important role in the formulation of 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 micro/macroeconomic tools.

**Prerequisites/corequisites:**

Econ 357

**Required Textbook(s):**

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

*LaunchPad + Loose Leaf Sheets*

ISBN-10: 1-319-16806-X; ISBN-13: 978-1-319-16806-3

*Launchpad + Hard Cover*

ISBN-10: 1-319-16787-X; ISBN-13: 978-1-319-16787-5

**Recommended Textbook(s):**

Appleyard, Dennis R. and Alfred J. Field Jr. 2014. *International Economics*. 8<sup>th</sup> Edition. New York: McGraw-Hill Irwin.

Kreinin, Mordechai E. 2010. *International Economics: A Policy Approach*. 10<sup>th</sup> Edition. Boston: Pearson Education.

Krugman, Paul R., Maurice Obstfeld, and Marc J. Melitz. 2015. *International Economics: Theory and Policy*. 10<sup>th</sup> Edition. Don Mills, ON: Addison Wesley Longman.

Salvatore, Dominick. 2013. *International Economics*. 11<sup>th</sup> Edition. Hoboken, NJ: John Wiley & Sons.

Sawyer, W. Charles, and Richard L. Sprinkle. 2009. *International Economics*. 3<sup>rd</sup> Edition. Upper Saddle River, NJ: Prentice Hall.

### Books on Reserve:

None. Required readings will be posted on the D2L site as we progress through the course.

### 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:

- (i) There are five, *non-cumulative quizzes* worth 10% each to be written at the beginning of every *Wednesday* lecture (with the exception of May 16<sup>th</sup>). Each quiz will be approximately 50 minutes in length and may consist of theoretical, mathematical, graphical, applied, and/or “readings” questions. ***Make-up quizzes will not be given.***
- (ii) There are 6 end-of-chapter graded homework/assignments worth 3% each (total = 18%) and 6% participation marks for “Learning Curve Activity” (1% for each of 6 chapters). Both the assignment and participation grades associated with the online assessment tool corresponding to the text (i.e., Launchpad from MacMillan Learning).
- (iii) A *final exam* worth 26% 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> |
|--|--------------|
| Quizzes (5 @10%)                                 | 50%          |
| Launch Pad Learning Curve/Participation (6 @ 1%) | 6%           |
| Launch Pad Graded Homework/Assignment (6 @ 2%)   | 12%          |
| Final examination* (Cumulative)                  | <u>26%</u>   |
|  | <u>100%</u>  |

### 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.

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.

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.

The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last 2 hours. 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](http://www.ucalgary.ca/registrar/exams/deferred_final). Under no circumstance will this be accommodated by the Department.

Tests, including the final exam, **will NOT** involve multiple choice questions. Non-programmable calculators **WILL** be allowed during the writing of tests or final examinations.

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 final examination; otherwise a grade of zero will be assigned.

***Lap tops (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 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 Accommodations:**

The student accommodation policy can be found at: [ucalgary.ca/access/accommodations/policy](http://ucalgary.ca/access/accommodations/policy).

Students needing an accommodation because of a disability or medical condition should communicate this need to Student Accessibility Services in accordance with the Procedure for Accommodations for Students with Disabilities [ucalgary.ca/policies/files/policies/student-accommodation-policy](http://ucalgary.ca/policies/files/policies/student-accommodation-policy).

Students needing an Accommodation based on a Protected Ground other than disability should communicate this need, preferably in writing, to the course instructor.

**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](mailto:econrep@fasaucalgary.ca) and Web: [www.fasaucalgary.ca](http://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 events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at [societyofundergradsineconomics@gmail.com](mailto: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](mailto: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 **ICT - Food Court**.

**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.

DRS  
2018-04-10