

Economics 425 (L01) (International Trade)

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Lecture Location: PF 118
Lecture Days/Time: WF 14:00 – 15:15

Office: SS 417
Office Hours: WF 15:30 – 16:30

Winter 2023

Course Description:

This course introduces students to international trade in goods by focusing on current policy debates. In discussing the policy debates, the student will learn about the costs and benefits of international trade, the impact of trade policy measures on income and welfare, and gain some familiarity with issues such as: comparative advantage; trade with economics of scale; the impact of the Russia-Ukraine war on world markets; China's accession to the WTO on world markets; intellectual property rights and their effect on international trade; what is trade's impact on the environment; and what is the relationship between the trade protection industries get and their lobbying efforts. Writ small, the course examines the nature, causes and consequences of international trade to provide the basis for analyzing aspects of trade policy.

Course Learning Outcomes:

By the end of this course the student will have a very good understanding of the rationale for international trade based on comparative advantage and increasing returns. Furthermore, the student will be able to analyze 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. Lastly, the student will develop skills in writing a cogent analysis of current trade policy debates identifying costs, benefits, and implications for consumers, firms, and governments.

Course Organization and Outline:

The course material is organized around some very topical trade policy issues. The plan is to spend three weeks discussing and evaluating each issue. Three weeks gives us six lectures to ask and then answer the question under study. I am hoping to stick to the three-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 four 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 may invite one or two guest speakers to the class who are experts in one of the areas.

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

First, there will be a video from YouTube (or similar) introducing the issue (often 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 assigned in class.** 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 (except the last one) there will be an assignment for you to do that will reinforce the material and hopefully prepare you for the examinations.

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

1. Intellectual Property Rights and Trade (Chapters 1 and 2)
2. Why Economists and Environmentalists disagree: trade vs the environment (Chapter 13).
3. Special Interests, Trade Policy and the CDN dairy industry (Chapter 5)
4. The China Shock: factor flows and rising wage inequality (Chapter 6)

Prerequisites/corequisites:

ECON 357 and 359

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.

Additional materials will be available on D2L. For each of the topics we discuss I will require you to read at least one additional outside reading. These will be academic articles that we will discuss in class, with my help. Just reading the book and slides will not be a good strategy to pass the course.

Recommended Textbook(s):

None

Books on Reserve:

The list of reserve titles, if any, is posted at the course D2L site.

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:

MIDTERM EXAM	30%
FINAL EXAMINATION	45%
Assignments	<u>25%</u>
	100%

Examination Details:

Tests and exams WILL NOT involve multiple choice questions.

Programmable calculators, cellphones, textbooks, course notes, and other electronic devices will not be allowed during the writing of tests or final examinations. Students are reminded that simply being able to access their cellphone during an exam is academic misconduct.

The exact date for the in-class midterm will be announced at least one week in advance.

Grading Policies:

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

Students must receive a passing grade on the final exam to pass the course. Students committing academic misconduct during the final exam will not receive a passing grade for the course.

If a student's letter grade on the final exam exceeds their midterm(s) letter grade, the weight of the midterm(s) is (are) transferred to the final exam. The student must have written the midterm(s) or provided supporting documentation for the absence(s). For Winter 2023 the University has suspended the requirement for supporting documentation. Instructors cannot currently ask students for documentation to support absences.

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. [See https://www.ucalgary.ca/pubs/calendar/current/e-2.html](https://www.ucalgary.ca/pubs/calendar/current/e-2.html).

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's 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 <https://www.ucalgary.ca/pubs/calendar/current/g-6.html>. Under no circumstance will this be accommodated by the Department.

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.

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>

Academic Misconduct and Intellectual Honesty:

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Statement of Intellectual Honesty, see Calendar K.4

<https://www.ucalgary.ca/pubs/calendar/current/k-3.html>

Plagiarism and Other Academic Misconduct

<https://ucalgary.ca/student-services/student-success/learning/academic-integrity>

Academic Accommodations:

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. 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 policies on Student Accommodations are available at <https://www.ucalgary.ca/legal-services/sites/default/files/teams/1/Policies-Accommodation-for-Students-with-Disabilities-Procedure.pdf> and <https://www.ucalgary.ca/legal-services/sites/default/files/teams/1/Policies-Student-Accommodation-Policy.pdf>.

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

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <https://www.ucalgary.ca/legal-services/sites/default/files/teams/1/faq-privacy-faculty-members.pdf> and <https://www.ucalgary.ca/legal-services/sites/default/files/teams/1/faq-privacy-students.pdf>

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 unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/sites/default/files/teams/1/Policies-Acceptable-Use-of-Material-Protected-by-Copyright-Policy.pdf>. Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Instructor Intellectual Property:

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed, or copied without the explicit consent of the instructor. The posting of course materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

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 events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at sue@ucalgarysue.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.

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

Notes:

1. Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.
2. **Both exams will contain both analytical problem-solving questions and an essay question.** The analytical questions require you to manipulate and make use of economic modelling in a precise and mathematical way. The essay question will feature an introductory prompt I provide and require you to write a cohesive essay responding to the prompt. The essay must be a proper essay – no point form, logically written, and must make use of the materials learnt in the course. An essay is not an opinion piece, it is a logical argument and a good essay is no less precise in its construction than is an answer to a purely analytical question. **The essay component and analytical components will each be worth 50% of the grade in any exam (including the final), so essay writing and analytical skills will both be required to do well in the course.**

KJ

2023-01-05