

University of Toronto
ECO364H1F - International Trade
Fall 2014

Useful information

Lectures :

- Tuesday 10:10 a.m.- 12:10 p.m. in LM 162 (*L0101*)
- Tuesday 2:10 p.m.- 4:10 p.m. in MP 102 (*L0201*)

Instructor : Prof. Kunal Dasgupta

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Website : <https://sites.google.com/site/dasguptakunal/teaching>

Office hours : Wednesdays, 11 am - 12 pm

Teaching assistants : Palermo Penano (palermo.penano@mail.utoronto.ca),
Jeff Chan (jeffm.chan@mail.utoronto.ca).

Office hours : Palermo - Wednesdays, 11 a.m. - 12 p.m. in GE 40.

Jeff - Fridays, 2 p.m. - 3 p.m. in GE 40.

Objective

This course is an introduction to international trade. The core objective of the course is to develop microeconomic models of open economies that can be applied towards answering questions such as why do different countries specialize in producing and exporting different goods, who gains and who loses from trade, what are the most effective trade policies available to national governments for raising aggregate welfare, etc.

Prerequisites and Exclusions

Check out the *Document on Prerequisites* posted on Portal under COURSE INFORMATION.

Textbook and iClicker

The main textbook for the course is Robert C. Feenstra and Alan M. Taylor's, *International Trade* (FT), Worth Publishers, third edition. This book is available for purchase at the UofT

bookstore. It is also available at the Short-Term Loan Service in the Robarts Library (3rd Floor) in very limited numbers. FT is available in both bound, as well as loose leaf versions. Earlier editions of FT can also be used. An e-book version of the book which is compatible with tablets and mobile phones is available here: www.coursesmart.com.

This course requires an iClicker remote. New and used ones are available at the U of T Bookstore, amazon.ca, etc. You may borrow an iClicker or share an iClicker with anyone who is not currently taking ECO364. You must use an iClicker remote; iClicker GO is not permitted.¹

Other readings

From time to time, I shall also post articles from other sources like The Economist, The New York Times, The Globe and Mail, etc. For the interested reader, the following books carry insightful but non-technical analysis of some of the issues that we shall be studying in this course:

1. *Pop Internationalism*, Paul Krugman
2. *Free Trade Under Fire*, Douglas Irwin
3. *In Defense of Globalization*, Jagdish Bhagwati

The course is math-intensive. It might be a good idea to brush up your math skills. An excellent online math tutorial is provided [here](#)² by Prof. Martin Osborne.

Marking scheme

There will be iClicker questions in every lecture, worth 8 percent of the total grade. The mid-term, to be held during regular lecture hours, will be worth 32 percent of the total grade. 60 percent of the grade will be based on performance in the final exam.

Important dates

9th September	First lecture
14th October	Midterm (during regular lecture hours)
3rd November	Last day to drop course
18th November	No lectures (Fall break)
2nd December	Last lecture

¹If you are unable to obtain an iClicker remote, you may register for a short-term loan service. You can borrow a remote before class and must return it after each class. Visit the Economics Department Reception Desk (150 St George St) weekdays between 9:00 and 4:00 for more information.

²<http://www.economics.utoronto.ca/osborne/MathTutorial/index.html>

iClicker questions

Like any class participation, quality matters. Correct iClicker responses earn full marks. Incorrect answers earn 50% marks. Each unanswered question earns 0. Point values can vary by question.³ There will be ten lectures with iClicker questions (starting from the second lecture) - I shall drop the two lowest scores. It is your responsibility to: correctly register your iClicker, bring it to class, arrive on time, and stay for the entire class.

To register your iClicker, go to <http://www1.iclicker.com/register-your-remote/register-clicker/>. You MUST use your UTORid, *and not your student #*, as your “Student ID” and register by Lecture 2. A green light illuminates on your iClicker remote when your response is successfully recorded; a red light or no light indicates a problem. If you forget your iClicker, I usually bring a backup.⁴ Nearly all malfunctions and strange remote behaviour can be fixed by replacing ALL batteries with new ones. For support call 1-866-209-5698 or visit <http://support.iclicker.com/>.

Administrative details

1. (Missing the midterm): If you miss the midterm for any reason, you must send me an e-mail *before* the test. You will automatically be allowed to take a make-up test, which will be held within 2-3 weeks of the original test. If you fail to inform me of your absence before the test or miss the make-up test, you will get a 0 on the midterm. *No exceptions.*
2. (Academic misconduct): *I shall not tolerate any form of academic misconduct.* Punishment for such an offence could range from failing the course to suspension or dismissal from the university. Please review the University’s Code of Behaviour on Academic Matters regarding what constitutes an academic offence.
3. (Academic Integrity and iClicker Participation): You may only enter responses yourself using your own properly registered iClicker. Cheating on any question jeopardizes the iClicker mark (8 percent of the course grade). All cases will be reported to the Economics Department and to the Office of Student Academic Integrity. A student that “helps” by operating someone else’s remote can expect an equally harsh penalty.
4. (Appealing an exam): Appeals regarding the grading of a test must be submitted to me or to the TA in writing, within one week of your receipt of the graded work. If I find the complaint justified, I (and not the TA) shall re-grade the entire exam. Since I am a less

³If you attend the same lecture more than once, only the first counts towards your mark.

⁴Available first-come, first-serve before the start of lecture. See me and bring your TCard.

lenient grader than the TA, this could lead to your grade going up or down. So, think twice before you appeal your grades. *Exams written in pencil will not be re-graded.*

5. (E-mail policy): I shall try my best to respond to e-mail within 48 hours. When you send me an e-mail, always write the course number on the Subject line, i.e., ECO364. Every day I receive numerous e-mails, and if the subject line is not informative, I might inadvertently delete your e-mail. Please use e-mails for appointments, administrative or urgent matters. I shall not reply to e-mails requesting information that can be found on the website or the syllabus; so you should check those places first. For clarification regarding course material, please see me or the TA during office hours.
6. (Accessibility needs): The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: disability.services@utoronto.ca or www.accessibility.utoronto.ca/

Course outline

Introduction

- FT Chapter 1
- Elhanan Helpman, “International Trade in Historical Perspective”, *Onassis Prize Lecture*, September 2012.

1. The Ricardian Model

- FT Chapter 2
- Paul Krugman, “In praise of cheap labor”, *Slate*, March 20, 1997.
- “Finding your niche”, *The Economist*, February 27, 2003.

2. The Specific Factors Model

- FT Chapter 3
- “Trade talks pit Japanese farmers against industry”, *BBC News*, November 1, 2011.

3. The Heckscher-Ohlin Model

- FT Chapter 4
- “Sticking it to China”, *The Economist*, August 13, 2011.
- “With flights grounded, Kenya’s produce wilts”, *The New York Times*, April 19, 2010.

4. Monopolistic Competition and Increasing Returns to Scale

- FT Chapter 6
- “The economic value of variety”, *The New York Times*, June 17, 2004.
- “Canada’s wood firms cluster for survival and growth”, *The Globe and Mail*, March 31, 2012.

5. Trade Policy

- FT Chapters 8, 9, 10
- “Pacific free traders eye Canada’s dairy, poultry markets”, *The Globe and Mail*, June 20, 2012.
- “U.S. adds tariffs on Chinese tires”, *The New York Times*, September 12, 2009.
- “Dead man talking”, *The Economist*, April 28, 2011.

6. Offshoring and Outsourcing

- FT Chapter 7
- Alan Blinder, “Offshoring: The Next Industrial Revolution?”, *Foreign Affairs*, March/April, 2006.
- “The great unbundling”, *The Economist*, January 18, 2007.