

ECO364 H1F International Trade (Summer 2015)

Instructor: Mengxiao Liu

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Office hours: Monday 10am-12pm, GE346 (Max Gluskin House, 3rd floor)

Class: Tuesday and Thursday 2-4pm, LM158

TA: Scott Orr

Email: scott.orr@mail.utoronto.ca

Office hours: Wednesday 9-11 am, GE040 (Max Gluskin House, basement level)

Tutorials: Friday 10am-12pm, SS1070

Course Description

This course is an examination of the causes and consequences of international trade. The first half develops traditional models of comparative advantage. The second half examines more recent theoretical and empirical work on trade and wages, the political economy of trade, outsourcing, and firm heterogeneity.

Textbook

No textbook is required for this course. Although most of this course's content will be based on (but not exactly the same as) "[*International Trade: Theory and Policy*](#)" (10th edition) by Krugman, Melitz and Obstfeld.

Prerequisites

ECO200Y1/ECO204Y1/ECO206Y1,

ECO220Y1/ECO227Y1/(STA220H1, STA255H1)/(STA257H1, STA261H1)

Exclusion: ECO230 Y1

For the prerequisites of other courses, see:

http://www.artsandscience.utoronto.ca/ofr/calendar/crs_eco.htm#ASMAJ1478

For the Department of Economics' policy regarding prerequisites, see:

<http://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

Evaluation

- Problem sets - 10%
- Midterm - 30%
- Final exam - 60%

Problem Set

There will be a total of 5 problem sets. They will be due *in class* every week and will be handed back during tutorials or TA office hours. Scans or photos of the problem sets are not accepted. Late problem sets will not be graded.

Each problem set will be graded on a 0-5 scale based on the correctness of answer and effort in solving for the questions. You are encouraged to work in groups. However, duplicate problem sets will not be give any marks.

Midterm Exam

The Midterm is on May 28th in class. Please bring a nonprogrammable calculator to the exam. There will not be extra calculators at the exam room.

Final Exam

The final exam will be 3 hours long. It will take place during the final exam period (June 22 to June 26). The university will announce the exact time and location of this exam on June 5.

Participation

A bonus mark of 1-3 will be given to students who actively participate in class (e.g., asking or answering questions) after the final exam.

Tutorials

Scott will hold a tutorial from to every Friday from 10am to 12pm at SS1070. Scott will go through solutions to the problem sets during tutorials.

Tutorials are not mandatory. However, to encourage attendance, the problem set solutions will not be posted until the last week before the class ends.

Email Policy

I will try to reply to admin-related questions within 24 hours on weekdays. Scott will be responsible for answering your class-related questions. However, please do not ask too detailed questions (such as problem set *a* question *b* part *c*). For questions like these, please come to our office hours.

Test Score Appeals

Please type a short paragraph explaining the grievance and why you should obtain additional points. Give a hard copy of this document to your TA. You must turn in this appeal by the end of class the week following the week in which exams are first handed back. This holds regardless of whether you are in class when exams are returned. Picking up your exam is your responsibility.

Conditional on this argument being found persuasive by me, the entire exam will be re-graded. Your score can go up or down. This does not apply to trivial appeals such as points being added incorrectly.

Absence from Exams

The Faculty of Arts and Science select the dates for examinations within the final exam period. You must not make travel, employment or other plans that may conflict with the date chosen for the examination in this course and any such conflict will not be accepted as grounds for writing a deferred exam. Instructors cannot make special arrangements with students who miss the final exam for any reason.

If you miss the midterm due to medical reasons, **email me on the day of (or before) the midterm exam.** In addition, provide the [University of Toronto Verification of Student Illness or Injury form](#). This form must satisfy the following requirements:

- It is signed on or before the date of the midterm exam. Retroactive notes will not be accepted.
- It is original (not scanned, copied, or emailed).
- It is completed and signed by a qualified medical doctor.

- The doctor's OHIP registration number must be provided.

Other excuses for missing the midterm exam (e.g. funerals and car accidents) must be accompanied by a note from the responsible authority that I can verify *in order for excusal to even be considered*. Again, only original notes (not scanned, copied, or emailed) on or before the date of the midterm exam will be considered.

Please note: The office of academic misconduct imposes a punishment of **suspension for 4 months** for passing on fake notes.

If your note satisfies the above requirements, a makeup midterm test will be provided outside the normal class time. I will be invigilating the makeup exam.

Academic Misconduct

Students should note that I do not tolerate any form of academic misconduct. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties.

Course Outline

Part 1: International Trade Theory

1. Introduction: Facts about Trade and Globalization
2. The Ricardian Model
3. The Specific Factors Model
4. The Heckscher-Ohlin Model
5. Imperfect Competition and Increasing Returns to Scale
6. Firms in International Trade

Part 2: International Trade Policy

7. The Instruments of Trade Policy
8. The Political Economy of Trade Policy