

University of Toronto
ECO364H1F – International Trade
Fall 2016

Lectures :

- Thursday 10:10 am – 12:00 pm in LM 159 (*L0101*)
- Thursday 2:10 pm – 4:00 pm in AH 400 (*L0201*)

Tutorials :

- Thursday 12:10 pm – 1:00 pm in LM 159 (*L0101*)
- Thursday 4:10 pm – 5:00 pm in AH 400 (*L0201*)

Instructor : Prof. Kunal Dasgupta

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Office hours : Fridays, 11 am – 12:30 pm.

Teaching assistant : Gaelan McKenzie

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Office hours: Wednesdays, 1 pm – 2 pm in GE40.

Teaching assistant : Swapnika Rachapalli

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Office hours: Mondays, 1 pm – 2 pm in GE213.

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 and what are the most effective trade policies available to national governments for raising aggregate welfare.

Prerequisites and Exclusions

The departmental policy regarding enrolment and prerequisites can be found [here](#). For help with

enrolment, please contact Robbie Innes (rinnes@chass.utoronto.ca) or if you are a commerce student, Jenny Fan (jenfan@chass.utoronto.ca).

Textbook

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.

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](#)¹ by Prof. Martin Osborne.

Important dates

15th September	First lecture
13th October	Quiz 1 posted
16th October	Quiz 1 due
27th October	Midterm (10:15 am – 11:45 am, EX100)
7th November	Last day to drop course
24th November	Quiz 2 posted
27th November	Quiz 2 due
1st December	Last lecture

Marking scheme

There will be two online quizzes, worth 10 percent of the total grade. The mid-term is worth 30

¹<http://www.economics.utoronto.ca/osborne/MathTutorial/index.html>

percent of the total grade. The remaining 60 percent of the grade will be based on performance in the final exam.

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 must then meet with me at the earliest opportunity and provide relevant documents. If I agree that your absence from the test was justified, I will allow you to write 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 fail to provide supporting documents or miss the make-up test, you will get a 0 on the midterm. *No exceptions.*
2. (Medical notes): The only acceptable medical note is the [University of Toronto Verification of Student Illness or Injury form](#). You must provide me with the original note and not photocopies. Furthermore, retro-active notes (those that say “the student claimed to have been sick on this day...”) are not acceptable. Submitting a fake medical note is a serious academic offence.
3. (Missing quiz): There will not be any make-up quiz.
4. (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.
5. (Appealing the midterm): If you are unsatisfied with your grade, you should get in touch with the TA who graded your test within one week after the return of the graded work. If the issue is not resolved, you can appeal to me. Appeals must be submitted to me in writing. If I find the complaint justified, I (and not the TA) shall re-grade the entire exam. Since I am a less 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.*
6. (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 if you have a question, you should check those places first. For clarification regarding course material, please see me or the TA during office hours.

7. (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 schedule

Lecture 1	Introduction
Lectures 2 and 3	Trade and Productivity
Lectures 4 and 5	Trade and Wages
Lecture 6	Offshoring
Lecture 7	Midterm
Lectures 8 and 9	Trade and Increasing Returns
Lectures 10 and 11	Trade Policy
Lecture 12	Trade Costs

Readings

1. Introduction

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

2. Trade and Productivity

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

3. Trade and Wages

- 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. Offshoring

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

5. Trade and Increasing Returns

- Paul Krugman, Maurice Obstfeld and Marc Melitz, *International Economics: Theory and Policy*.
- “The economic value of variety”, *The New York Times*, June 17, 2004.

- “Flaherty calls for clarity on higher prices in Canada”, *The Globe and Mail*, September 7, 2011.
- “Canada’s wood firms cluster for survival and growth”, *The Globe and Mail*, March 31, 2012.

6. Trade Policy

- FT Chapters 8, 9
- “Fowl play: How supply management is thwarting Canada’s agri-food industry”, *The Globe and Mail*, March 23, 2013.
- “Canadian solar industry divided on Chinese import tariff”, *The Globe and Mail*, December 8, 2014.
- “Canada seeks \$3-billion in tariffs on U.S. products in step toward trade war”, *The Globe and Mail*, June 4, 2015.
- “Japan to End Restraints on Auto Exports to U.S.”, *The New York Times*, March 29, 1994.

7. Trade Costs

- Head, Keith, and Thierry Mayer. “What separates us? Sources of resistance to globalization.” *Canadian Journal of Economics* 46, no. 4 (2013): 1196-1231.