

ECO 364H1F: INTERNATIONAL TRADE THEORY

University of Toronto
Fall 2017

Instructor Contact Information

Kevin Lim
Max Gluskin House (GE), 150 St. George Street, Room 323
kvn.lim@utoronto.ca

Class Schedule

Section L0101

Lectures:

Thursday, 10:10 AM – 12:00 PM
Sidney Smith Hall, Room 2135

Tutorials:

Thursday, 12:10 PM – 1:00 PM
Sidney Smith Hall, Room 2135

Section L0201

Lectures:

Thursday, 2:10 PM – 4:00 PM
Sidney Smith Hall, Room 2102

Tutorials:

Thursday, 4:10 PM – 5:00 PM
Sidney Smith Hall, Room 2102

Course Overview

This course is an introduction to international trade theory. The core objective of the course is to develop an understanding of international trade models that can be used to analyze the causes and consequences of international trade. In the process, the course will introduce students to models of comparative advantage, increasing returns and monopolistic competition, offshoring, and trade policy. Students will investigate why nations trade what they do, who gains or loses from trade, the incentives for trade regulation, and the welfare effects of trade policies. Although the course will emphasize the understanding of past and current world events related to international trade, it will rely heavily on formal economic modeling to help students understand these events.

Prerequisites and Exclusions

Prerequisites:

- ECO200Y1 / ECO204Y1/ ECO206Y1
- ECO220Y1 / ECO227Y1 / (STA220H1, STA255H1) / (STA257H1, STA261H1)

Exclusions:

- ECO230Y1

For more details, please read the departmental policy regarding enrolment, prerequisites, and exclusions. 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).

Teaching Assistant Contact Information

Section L0101

Leandro Freylejer
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William Gaelan MacKenzie
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Karl Qu
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Section L0201

Patrick Scott Orr
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Graeme Westwood
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Karl Qu
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Office Hours

Kevin Lim:	Friday, 11:00 AM – 12:30 PM	GE 323
Leandro Freylejer:	Tuesday, 9:30 AM – 11:30 AM	GE 213
William Gaelan MacKenzie:	Monday, 2:00 PM – 3:00 PM	GE 213
Patrick Scott Orr:	TBD	TBD
Karl Qu:	TBD	TBD
Graeme Westwood:	TBD	TBD

Please inform the relevant Instructor/TA via email if you wish to attend a particular Office Hours session *at least one hour prior to the start of the session*. This will help to avoid congestion in Office Hours and ensure that students receive enough time with the instructor/TA during each session.

Textbook

The main textbook for the course is *International Trade*, by Robert C. Feenstra and Alan M. Taylor, Worth Publishers, 3rd Edition. Earlier or later editions of the textbook can also be used. This book is available for purchase at the U of T bookstore. It is also available at the Short-Term Loan Service in Robarts Library (3rd Floor) in very limited numbers. The textbook is available in both bound and loose-leaf versions.

Many other undergraduate trade courses also use *International Economics: Theory and Policy*, by Paul R. Krugman, Maurice Obstfeld, and Marc Melitz, Pearson, 10th Edition. I will be following FT more closely throughout the course, and hence would recommend that you use this. However, the material covered by KOM is very similar, and hence I have listed the chapters in KOM that roughly correspond to our lecture topics in the reading list below.

Other Readings

Throughout the course, I will try to incorporate current events into the teaching material by posting readings from other sources such as newspapers and magazines. For the interested reader, the following books carry insightful but non-technical analysis of some of the issues that we will be studying in this course:

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

Marking Scheme

The marking scheme for the course will be as follows:

5 Problem Sets:	15% (3% each)
Midterm Examination:	35%
Final Examination:	50%

Important Dates

- 14 September: First class
- 26 October: Midterm examination (11:30 AM – 1:00 PM, EX 200)
- 6 November: Drop date for F courses
- 9 November: Reading week (no class)
- 30 November: Last class

Course Outline and Reading List

<u>Lecture</u>	<u>Date</u>	<u>Topic</u>	<u>Reading</u>
1	14 September	Introduction	FT Ch. 1 / KOM Ch. 1 & 2
2	21 September	Exchange economies	Lecture Notes
3	28 September	Ricardian model	FT Ch. 2 / KOM Ch. 3
4	5 October	Specific factors model	FT Ch. 3 / KOM Ch. 4
5	12 October	Heckscher-Ohlin model I	FT Ch. 4 / KOM Ch. 5
6	19 October	Heckscher-Ohlin model II	FT Ch. 4 / KOM Ch. 5
-	26 October	MIDTERM EXAM	-
7	2 November	Increasing returns	FT Ch. 6 / KOM Ch. 7
8	16 November	Offshoring	FT Ch. 7 / KOM Ch. 8
9	23 November	Trade policy	FT Ch. 8 & 9 / KOM Ch. 9
10	30 November	Trade agreements	FT Ch. 11 / KOM Ch. 10

The course outline is tentative and may be subject to change depending on how the pace of the course develops throughout the term. I will update the reading list with additional material as and when it becomes necessary.

Problem Set Schedule

<u>Problem Set No.</u>	<u>Assignment Date</u>	<u>Due Date</u>
1	21 September	28 September
2	5 October	12 October
3	2 November	16 November
4	16 Nov 2017	23 Nov 2017
5	30 Nov 2017	6 Dec 2017

The problem set schedule is tentative and may be subject to change depending on how the pace of the course develops throughout the term. Please note that assignments will be due by 5:00 PM on the respective due dates. Assignments submitted past this time will be considered late. Please submit all problem sets to the ECO364 course box at the front desk of Max Gluskin House (GE).

Policy for Late Problem Sets and Extension Requests

Late problem sets that are submitted within 24 hours of the deadline will receive a 50% penalty. Problem sets submitted more than 24 hours late will receive a score of zero.

If you wish to request for an extension of a problem set deadline, you must do so at least 48 hours prior to the deadline. Extensions will be granted only for legitimate reasons supported by appropriate documentation, and the granting of extensions will be at the discretion of the Course TAs. Please note that each student will be granted no more than one problem set extension throughout the course.

Policy for Missed Midterm Examination

If you miss the midterm examination for any reason, you must inform me via email *before* the exam. You must then meet with me within a week after the midterm and provide documents supporting your absence from the exam. If I agree that your absence was justified, I will allow you to sit for a make-up midterm, which will be held within three weeks of the original exam. Please note that in addition to material tested by the original midterm, the make-up midterm will test material covered between the dates of the original and make-up midterm exams. You will receive a score of zero on the midterm if any of the following occur: (i) you fail to inform me of your absence before the exam; (ii) you fail to provide supporting documents that justify your absence from the exam; or (iii) you miss the make-up exam. *There will strictly be no exceptions to this policy.*

Policy for Documentation of Absences

For verification of illness, injury, or other relevant personal issues that may cause you to miss problem set deadlines or the midterm examination, only the following documents will be accepted: (i) U of T Verification of Illness or Injury Form; (ii) Student Health or Disability Related Certificate; (iii) a College Registrar's Letter; or (iv) an Accessibility Services Letter. You must

provide original documentation and not photocopies. Please be reminded that submitting false medical notes is a serious academic offence.

Policy for Regrading Requests

If you would like to make a case for receiving a different grade on a problem set or exam, please note that you have *one week* from the date the problem set or exam is returned to you to submit a regrade request. Absolutely no assignments will be regraded beyond this time limit. Material submitted for regrading must be accompanied by a brief written explanation detailing your reasons for receiving a different grade. Be as specific as possible (e.g. correction of addition errors in calculating a grade, a specific point or step that the grader missed, etc.). The item will first be returned to the TA who originally graded it. If you are still dissatisfied, it may be passed on to the Course Instructor at the Course Instructor's discretion. Note that in agreeing to resubmit your work for remarking, you are agreeing to a re-evaluation of your work that may see your grade go up, go down, or stay the same.

Policy for Email Communication

Please direct all email communication to the Course TAs unless there is an issue that strictly requires the attention of the Course Instructor. In all email communication, please include the course number and your section number (e.g. ECO364 L0101) in the subject line. Please also note that the majority of course-related email communication will be directed to your utoronto email address, and hence you are expected to check this address on a regular basis.

Academic Integrity

All students, faculty and staff are expected to follow the University's guidelines and policies on academic integrity. For students, this means following the standards of academic honesty when writing assignments, citing and using source material appropriately, collaborating with fellow students, and writing tests and exams. Ensure that the work you submit for grading represents your own honest efforts. Plagiarism representing someone else's words as your own or submitting work that you have previously submitted for marks in another class or program is a serious offence that can result in sanctions. Speak to me or your TAs for advice on anything that you find unclear. Also, see the U of T writing support website at www.utoronto.ca/writing. Consult the Code of Behaviour on Academic Matters for a complete outline of the University's policy and expectations.

Ongoing Learning Disability or Accommodation Requirement

Students with diverse learning styles and needs are welcome in this course. If you have an ongoing disability issue or accommodation need, you should register with Accessibility Services (AS) (accessibility.utoronto.ca) at the beginning of the academic year. Without registration, you will not be able to verify your situation with your instructors, and instructors will not be advised about your accommodation needs. AS will then assess your medical situation, develop an accommodation plan with you, and support you in requesting accommodation for your course work. Remember that the process of accommodation is private: AS will not share details of your condition with any instructor, and your instructors will not reveal that you are registered with AS.

Religious accommodation

As a student at the University of Toronto, you are part of a diverse community that welcomes and includes students and faculty from a wide range of backgrounds, cultural traditions, and spiritual beliefs. For my part, I will make every reasonable effort to avoid scheduling tests, examinations, or other compulsory activities on religious holy days not captured by statutory holidays. Further to University Policy, if you anticipate being absent from class or missing a major course activity due to a religious observance, please let me know as early in the course as possible, and with sufficient notice (at least two weeks), so that we can work together to make alternate arrangements.

Blackboard Information

This course uses the University's learning management system, Blackboard Learn, to post information about the course, including materials required to complete class activities and course assignments, share important announcements and updates, and foster academic discussion between learners. The site is dynamic and new information and resources will be posted regularly as we move through the term. The principal source of information about all course-related work will be the course site in Blackboard, so please make it a habit to log in to the site on a regular if not daily basis.

Please note that any grades posted within the Blackboard Grade Centre are posted for your information only, so you can view and track your progress through the course. No grades are considered official, including any posted in Blackboard at any point in the term, until they have been formally approved by the Course Instructor at the end of the course.