

Syllabus
ECO364H1F - International Trade Theory
Summer 2020 (Online)

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Objectives: This course introduces key concepts of international trade. Specifically, we will develop a theoretical framework to analyze the global market for goods and services. These models will allow us to analyze both the determinants and the impact of trade on domestic economic activity. Having developed these models, this course will provide students with significant experience accessing data related to international trade and analyzing this data to test the predictions of canonical trade models. We will finish by discussing contemporary issues regarding international trade. These include - but are not limited to - inequality, offshoring and wages, tariffs and barriers to trade, and political economy relating to trade policy.

Exclusion: ECO230Y1 / 328Y

Prerequisites:

1. One of: ECO200Y1, ECO204Y1, ECO206Y1, **and**
2. One of: ECO220Y1, ECO227Y1, STA247H1 or STA248H1, STA250H1 or STA255H1, STA257H1 or ST1S61H1

I expect that you will be able to perform basic calculus, including simple partial and total derivatives. I will also expect you to be able to perform simple linear regression using ordinary least squares and fixed effects (i.e. "dummy variables"). If you have concerns about your ability to take this course, please e-mail me. The administration is, however, very strict and does not generally allow for students who do not satisfy the prerequisites.

Textbook: Krugman, Melitz, and Obstfeld, *International Trade: Theory and Policy*, 11th Edition Pearson, 2014. I will refer to this textbook as KMO when referenced in lectures. This textbook is not mandatory, and you will not be required to know material in the book that is not in the lecture slides. If you have an interest in international trade and wish to pursue this subject either professionally or academically, I strongly recommend that you purchase KMO to have as a reference. You are expected to be familiar with all material that is posted on the course website.

Course Outline

This course will be front-loaded in terms of the workload for students. The first four/five weeks will introduce the basic models used by economists to study international trade. It is imperative that students gain an understanding of these models, and so the first four/five weeks will be heavy on math and theory. Having established these models of trade, we will pivot to an empirical study of a number of trade issues. The second half of this course will revolve around these empirical questions, as well as a term project that will require students to seek out data online and provide analysis - both statistical and written¹.

Each lecture will begin with three questions relating to the topic of that lecture. These questions form the "Learning Objectives" of each lecture. The last slide of each lecture will provide the answers that we reach after studying that lecture's material. **If you want to do well in this course, focus on the learning objectives.** The following topics constitute the first half of this course, and form the basis of almost all contemporary research on international trade:

- **Topic 1:** Introduction to the course and the Gravity Model
- **Topic 2:** Simple Exchange Economy
- **Topic 3:** Ricardian Model
- **Topic 4:** Specific Factors Model
- **Topic 5:** Heckscher-Ohlin Model

The second half of this course will study a number of additional topics, which will include some of the following (depending on time):

- Trade and Inequality
- Wages and Offshoring
- Barriers to Trade and Trade Policy
- The Political Economy of Trade Policy

Each topic will have its own "Page" on Quercus, and all material that you need as a student relating to that topic can be found on this page. This includes lecture slides, recorded lectures, links to lecture quizzes and assignments, as well as additional reading material. I will use "Pages" in Quercus as the main interface for the course, and you should always check this section for any new material.

¹For more detail, see the following section on "Grading Scheme".

Grading Scheme

	Number	% Each	% Total
Lecture Quizzes	12	1%	10%
Assignments	6	5%	25%
Project	1	25%	25%
Final Exam	1	35%	35%
Participation			5%
Total			100%

Lecture Quizzes: In order to ensure you are following along, I will post a quiz following each lecture of 10 multiple choice questions. These means a total of 12 quizzes throughout the semester. Each week, there will be two quizzes (two lectures) and both quizzes will be due at midnight on the Friday of that week. **Only your 10 best assignments will count towards your final grade.** There will be no exceptions or late penalties. Once the quizzes close on Quercus you will receive a zero if the quiz is not completed.

Assignments: There will be 6 assignments in the first five weeks of this course. Four of these will cover theory questions relating to, respectively, the Gravity Model, the Ricardian Model, the Specific Factors Model, and the Hecksher-Ohlin Model. Two assignments will relate to these models but will instead require statistical manipulation of data using R. **Only your five best assignments will count towards your final grade.** Assignments will always be posted on Wednesdays and will be due the following Wednesday evening at midnight. There will be no assignments once the term project is assigned.

Project: The second half of the course will provide an opportunity to work on a term project. This project will require finding trade data online and providing some statistical, as well as written, analysis. All details will be provided later and this project does **not** require any work from you until then.

Final Exam: The final exam is worth 35% of your grade. It will be done online. Details will come later in the semester.

Participation: Participation in this course mainly consists of a meeting between you and me at some point during the middle of the semester. I will send out a google document with a list of slots, and every student must sign up for a five minute virtual meeting with me to discuss your progress in the course, the pace, and your overall evaluation of the course at this point. I understand this may be uncomfortable for some of you, but given that this course is entirely online, I need some way of gauging how you are doing as a class. Once you attend your five minute meeting with me, you immediately get full marks for the "participation" component of your grade.

Course Structure

Given that this course is delivered online, this section of the syllabus will provide a brief overview as to how the course will function. All communication should be done through e-mail, and I would appreciate if e-mails were sent directly to me, rather than to the TAs.

Lectures: Lectures will be given twice a week, from 10am-12pm, on Tuesdays and Thursdays. These will be done live using Blackboard Collaborate - a software available through Quercus. Each lecture will then be recorded and posted to the course website. **All course material relating to each topic will be accessible through the "Pages" tab in Quercus.** In order to ensure that you are following at the correct pace, there will be two lecture quizzes due Friday at midnight each week. These are multiple choice and cover the basics of what we covered in lecture.

Assignments: The first half of this course will feature six assignments. Four assignments will be theory, and they will be released on Wednesdays and due the following Wednesday at midnight. These assignments will be done on your own, with the results submitted using the Quercus online quiz. There is no time limit, but they must be finished by Wednesday at midnight. There will be two additional empirical assignments that cover simple exercises regarding finding data online and performing statistical analysis. These will be due every second Wednesday.

Tutorials: Each Thursday, for the first four weeks of the course, there will be a one hour tutorial following the end of lecture. This tutorial will be held online and will cover practice problems that I post on Quercus. I will additionally post the solutions to the practice problems after each tutorial.

Office Hours: Office hours will be held virtually using Blackboard Collaborate. Exact times will be given later.

I understand that the first half of this course is quite heavy on work. You will have 8 quizzes and six assignments. However there is no midterm, and the second half of this course will feature only a project and a final exam.

Important Dates

All lectures will take place on Bb Collaborate between 10:00am and 12:00pm Eastern Standard Time. Tutorials will be take place on Thursdays from 12:00pm to 1:00pm.

- **Tuesday, May 5:** Lecture (Introduction/Gravity Model)
- **Thursday, May 7:** Lecture (The Exchange Economy) + Tutorial (R, Regression, and the Gravity Model)
- **Sunday, May 10:** Last day to register
- **Tuesday, May 12:** Lecture (Ricardian Model)
- **Thursday, May 14:** Lecture (Ricardian Model) + Tutorial (Ricardian Practice Problems)
- **Monday, May 18:** Victoria Day (university closed)
- **Tuesday, May 19:** Lecture (Specific Factors Model)
- **Thursday, May 21:** Lecture (Specific Factors Model) + Tutorial (Specific Factors Practice Problems)
- **Tuesday, May 26:** Lecture (Hecksher-Ohlin Model)
- **Thursday, May 28:** Lecture (Hecksher-Ohlin) + Tutorial (Hecksher-Ohlin Practice Problems)
- **June 1, 2020** Last day to cancel courses
- **Tuesday, June 2:** Lecture (tbd)
- **Thursday, June 4:** Lecture (tbd)
- **Tuesday, June 9:** Lecture (tbd)
- **Thursday, June 11:** Lecture (tbd)
- **Monday, June 15:** Deadline to request late withdrawal / Classes end
- **June 17 - 25:** Final examination period

Online Courses/Technology Requirements

Naturally, this course will be entirely online due to the evolving Covid-19 situation. All lectures will be run online at their scheduled time, but I will also record each lecture so that those of you taking this course in different time zones can watch each lecture when necessary. You must have access to a computer or a tablet with a Wi-Fi internet connection (or faster) to be able to watch the videos. A headset and mic are required for webinar activities.

This course requires the use of computers, and of course sometimes things can go wrong when using them. You are responsible for ensuring that you maintain regular backup copies of your files, use antivirus software (if using your own computer), and schedule enough time when completing an assignment to allow for delays due to technical difficulties. Computer viruses, crashed hard drives, broken printers, lost or corrupted files, incompatible file formats, and similar mishaps are common issues when using technology, and are not acceptable grounds for a deadline extension.

Academic Integrity

Academic integrity is essential to the pursuit of learning and scholarship in a university, and to ensuring that a degree from the University of Toronto is a strong signal of each student's individual academic achievement. As a result, the University treats cases of cheating and plagiarism very seriously. The University of Toronto's Code of Behaviour on Academic Matters (www.governingcouncil.utoronto.ca/policies/behaveac.html) outlines the behaviours that constitute academic dishonesty and the processes for addressing academic offences. Potential offences include, but are not limited to:

In papers and assignments:

1. Using someone else's ideas or words without appropriate acknowledgement
2. Submitting your own work in more than one course without the permissions of the instructor
3. Making up sources or facts
4. Obtaining or providing unauthorized assistance on any assignment

On tests and exams:

1. Using or possessing unauthorized aids
2. Looking at someone else's answers during an exam or test
3. Misrepresenting your identity

In academic work:

1. Falsifying institutional documents or grades
2. Falsifying or altering any documentation required by the University

All suspected cases of academic dishonesty will be investigated following procedures outlined in the Code of Behaviour on Academic Matters. If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, you are expected to seek out additional information on academic integrity from your instructor or from other institutional resources (see www.utoronto.ca/academicintegrity/resourcesforstudents.html).