

# ECO 231H1-F: Economics of Global Trade

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Course site for all sections: <https://q.utoronto.ca/courses/357305>

Communication (office hours, Piazza, e-mail): see Section 8

## 1. Course Description

This course examines theories of international trade in goods and services and analyzes the consequences of trade policies. The first part of the course presents the principle of comparative advantage and its application to classical and modern trade theory. It discusses causes and patterns of trade, as well as the economic effects of trade on inequality, economic growth and welfare. The second part of the course examines trade policies, in particular their effect on trade flows and national welfare, as well as the political economy of trade policies and international trade cooperation.

## 2. Learning Outcomes

By the end of the course, students will be able to:

1. Explain why some nations export sophisticated high-tech products and others export simple manufactured goods based on the principle of comparative advantage
2. Explain why the majority of economists think that free trade is a good policy
3. Analyse how opening up to free trade affects inequality within the country
4. Provide a basic explanation of the role of firms in modern trade
5. Explain how the country's trade policy is shaped by its economic welfare considerations, as well as domestic political concerns.
6. Evaluate the benefits and drawbacks of a trade policy in a given economic and political context
7. Describe the role on international trade organizations in shaping countries' economic welfare

## 3. Prerequisites, Accessibility and Help

- The [undergraduate administrator](#) may be able to help you with missing [prerequisites](#). Note that I [cannot waive prerequisites](#).
- For accessibility concerns immediately visit <http://www.studentlife.utoronto.ca/as> and register with [Accommodated Testing Services \(ATS\)](#). We can only provide accommodations outside of the accommodations within the design of the course if they are suggested by ATS.
- Everyone must officially declare ALL absences: <https://help.acorn.utoronto.ca/blog/ufaqs/declare-an-absence/>.
- If you have trouble, seek help right away from us, the [Academic Success Centre](#) and/or your [College Registrar](#). The Registrar can provide you with comprehensive support and guidance and, where appropriate, contact your professor and advocate on your behalf while protecting your privacy. This requires *working closely* with your College Registrar, and not merely having them restate your requests to your professors. Remember, **for any issues that extend beyond this course, or last more than a week, contact your College Registrar immediately.**

## 4. Technical requirements

Some components of this course may be delivered online. Proactively maintain your devices and software. For [Zoom](#), this includes downloading and regularly updating the Zoom Desktop Client. For [Crowdmark](#), you need high-speed internet, a PC or laptop, and the ability to scan (or take pictures of) your assignments and upload them. Immediately contact [The Information Commons Help Desk](#) with any technical issues related to your devices, software, Quercus, or

connectivity. We will not accept missed work due to technical difficulty, deadline confusion, internet, or hardware problems.

## 5. Required Readings

The recommended textbook for this course is *International Economics: Theory & Policy*, by Paul R. Krugman, Maurice Obstfeld and Marc Melitz, 12th Edition. I will be following the textbook closely for some of the material. For the topics where my coverage differs from the book, my coverage takes precedence. You can purchase the text at the UofT Bookstore.

## 6. Course Delivery Details

### 6.1 Pre-recorded Lectures

Each week, part of the course material (main theories and technical details) will be delivered via pre-recorded lectures. They will be posted with slides on Wednesday each week (except for the first week of the Fall term). The reason for pre-recording part of the instructional material is so that you can go over the material at your own pace as many times as you want. For best results, try to mimic your behavior in live lectures: block out a regular time to watch the material and avoid distractions.

Do not share any of the course materials. Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation and are protected by copyright. In this course, you are permitted to download session videos and materials for your own academic use, but you should not copy, share, or use them for any other purpose without the explicit permission of the instructor.

### 6.2 In-person Workshops

During the course calendar times on **Monday**, we will meet for in-person workshops. During the workshops, I will answer some of your questions, we will do practice problems and past exam problems, discuss the real-world data and current events in the context of the models that are covered in the pre-recorded lectures, as well as the course material more broadly. We will also have a small, timed assessment almost every workshop which will be part of your participation grade (see section 7.4 for more details).

### 6.3 Possible alternative arrangements

If, as the term progresses, we find that the format outlined above is not optimal for the class's learning, we will switch back to regular 2-hour in-person lecture format. The idea to split the content of the course into a pre-recorded video part and an in-person active part stems from the students' feedback and my own experience last year with online synchronous lectures that were subsequently recorded: the students appreciated having the recordings of the lectures, while at the same time enjoying the live synchronous components of lecturing where they could ask their questions, talk about current events with me and discuss the insights of the models that we learned. This is the atmosphere that we are trying to mimic with the above setup, with the added benefit of in-person interaction. If it turns out to be unsuitable for in-person learning, we will switch to the standard two-hour in-person lectures.

Note that if the class ends up going fully online, the format of the course delivery may change completely to accommodate the developments.

### 6.4 In-person Tutorials

In-person tutorial sessions will be run by TAs on **Thursdays** at **1-2pm** in **HS 610**.

Weekly TA tutorials help you actively work with difficult course material and hone your problem-solving skills to deepen your understanding of course concepts. The TA will go over problems related to the course material, so they present the perfect opportunity for you to get more practice engaging with economic models and concepts presented during

lectures. Some of the tutorial questions will be posted in advance. To make the most out of tutorials, watch the week's lectures and complete the readings (if you choose to do the readings), as well as attempt the tutorial problems before you attend the tutorials.

## 7. Marking Scheme and Important Dates

The table presents an overview of important deadlines for the course

Date	Term Work	Weight
October 17 <sup>th</sup> 2024	In-Class Writing Assignment	11%
November 7 <sup>th</sup> , 2024	Midterm	22%
December 3 <sup>rd</sup> , 2024	Writing Assignment 2 Due	19%
Fall Final Exam period	Final Exam, details TBD	33%
Throughout the Course (See Section 7.4)	Participation: 6 Problem Sets	8%
Weekly (See Section 7.4)	Participation: Workshop Assessments	7%

Quercus will give precise details for each assessment, including penalties for lateness, when applicable. Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).

The marking scheme above presumes that the term test and the final exam are in-person as planned. The planned format of assessments and activities may change and the **weights may need to change** in unexpected ways if the course ends up significantly disrupted by events outside of our control. As always, you are expected to keep a sharp eye on our [Quercus](#) site for announcements and information. Be prepared for disruptions and changes.

### 7.1 Midterm (22%)

There will be one Midterm held in-person for the course:

- Midterm November 7<sup>th</sup> 2024

Exact coverage and details of how the test will be administered will be posted on Quercus in advance of the test. **No collaboration** is allowed.

### 7.2 Final Exam (33%)

The final exam will be held in-person during the Fall Final Exam Period. Further details will be posted on Quercus at the end of the term. The final assessment **is** cumulative and will cover all of the material presented in the course. **No collaboration** is allowed.

### 7.3 Writing Assignments (30% total)

There will be two writing assignments administered throughout the course.

The in-class writing assignment tests your reading comprehension and written communication skills. During the assignment you will read selections from popular news and academic articles and answer a series of prompts using words only (i.e. no formulas or symbols). The goal of this assignment is to give you practice interpreting real-world events using the models and tools from class. It will also help you learn how to explain economic analysis in an easily understood way. Both skills are highly valued by employers.

The take-home writing assignment will give you the opportunity to apply your newly gained knowledge of economics in a “real-life” setting and practice your writing skills. The details of the assignment will be posted on Quercus some time before their due date. You will need to submit the assignment before the deadline. **No collaboration** is allowed. For the generative AI policy, see section 9.1. No extensions are granted for any reason (illness, computer problems etc.). There is a 20% (of assignment total grade) penalty per 24 hours for late submissions. No submissions will be accepted 5 calendar days after the deadline.

## 7.4 Participation (15% total)

The participation grade consists of two main components: In-workshop Timed Assessments (7%) and Problem Sets (8%). In rare cases, it may further be supplemented by the overall assessment of your engagement in the course (office hours attendance and participation, contribution to Piazza).

### 7.4.1 Participation 1: In-Workshop Timed Assessments (7%)

Starting in Week 2, at the beginning of each workshop, you will be given a short (10-20 mins) timed assessment which would consist of exam-type questions or writing assignment type questions. The point of this type of assessment is to prepare you for the in-person Term test and the in-person writing assessment so that you have ample practice with the time pressure of the assessments, with reading and understanding the questions and with writing your answers with pen and paper.

- There will be 11 timed assessments in total, but only **7** will count towards your participation grade at **1%** each (**7%** in total).
- There will be NO timed assessments during the first workshop of the Fall term.
- The assessments will be graded for **participation only**: if you make an honest attempt to answer each question, you will get full credit. You will receive no credit if you: a) miss or fail to submit the assessment during the workshop, or; b) clearly do not try to solve the questions.
- The point of the assessment is to give you practice for the in-person term tests and writing assessments. As such, these assessments will be held in exam-type environment: closed book, timed and with no collaboration allowed.

### 7.4.2 Participation 2: Graded Group Problem Sets (8%)

There are 6 Graded Group Problems due on Fridays throughout the course starting on September 20<sup>th</sup> 2024.

- Each Graded Group Problem will be worth **2%** of your total grade. The **two** lowest scores will be automatically dropped in the computation of your final grade.
- You will typically have 2 weeks to complete them.
- They will typically consist of a combination of numeric calculation, short answer questions and long-answer questions and be available on Crowdmark.
- You can complete the problem sets as part of a group of up to 4 people. You should only submit one assignment per group. Please remember to add your group members on Crowdmark and write everyone’s name in the assignment itself.
- To avoid free-rider problem, in case you find out that some member in your group is not working, you are free to switch to another group for the later problem sets.
- All the members of a group would get the same mark for the problem set.
- The assessments will be graded for **participation only**: if you make an honest attempt to answer each question, you will get full credit. You will receive no credit if you: a) miss or fail to submit the assessment before the deadline, or b) clearly do not try to solve the questions.
- The problem sets will be cumulative (you can expect around 50% of the problem sets to cover the previous week’s material and 50% to cover past material throughout the course).
- The problem sets are open-book/open-notes, so feel free to consult any material that you find relevant.

The purpose of these problem sets is twofold: first, they encourage you to think about the course material outside of lectures and tutorials. Second, they give you a low-stakes opportunity to practice for the term tests and the writing assessments and to engage with the material deeper as some questions may be more challenging than others. Do not stress about getting everything correct, as simply trying will earn you full marks. Instead, treat the problem sets as a chance to test yourself to find any gaps in your understanding.

## 7.5 Remark Requests

Regrade requests must be submitted online through an MS Form which we will be post to Quercus. You have one week following the date the form is posted to submit a regrade request. After one week we will not honor any regrade requests. When submitting a regrade request please be as specific as possible regarding why you believe your test deserves more points. Be aware that submitting a regrade request may result in a new score that is higher, lower, or the same as your original score. No remarks will be possible for the participation elements of the course.

## 7.8 Extensions and Make-Ups

Any missed work earns a mark of zero. This section explains special accommodations for: illness, injury, personal/family problems, joining our course late, religious reasons, extracurricular conflicts, technology problems, internet or power outages, quarantine issues, travel issues, accessibility concerns, and/or other challenging situations. **Remember, for significant challenges which last more than a week work with your College Registrar immediately.**

To accommodate students who cannot attend up to four workshops, we drop the four worst weeks of the timed assessments. To accommodate students who cannot complete two problem sets, we drop the two worst scores. Save these accommodations for illness or other emergencies entirely outside of your control: do not miss the coursework because you are busy or for any potentially avoidable reasons. Any additional accommodations for the participation elements of the course beyond the ones requested by the ATS or outlined above are extremely limited and completely at our discretion. There will be no extensions or make-up for the Take-Home Writing Assignment as it can be completed over a number of days.

For ongoing injury, illness, or personal/family problems that last longer than 5 days you must contact your College Registrar immediately <https://future.utoronto.ca/current-students/registrars/>.

### 7.8.1 Missed Midterm and In-Class Writing Assignment

In order to be considered for a potential make-up test you must alert me as soon as you know you will be unable to attend class. This must be no later than one week after the test. I will only consider granting a make-up test for students who contact me later than one week if their situation would reasonably prevent them from contacting me earlier.

To inform me of your inability to attend an in-person test and to request a make-up, please complete these steps:

1. Obtain one of the following pieces of documentation to verify your absence:
  - i. Absence declaration form via ACORN
    - When submitting via ACORN, please send the verification email to the course inbox: **eco231h1f.eco232h1s.a@course.utoronto.ca**
    - Note that you may only use one absence declaration per term across all your courses. If you have already used this declaration, please provide another piece of documentation.
  - ii. Verification of Illness or Injury Form (VOI)
  - iii. College Registrar's letter
  - iv. Letter of Academic Accommodation from Accessibility Services
2. Complete the Missed Test or Assessment form on Quercus and attach your documentation from the previous step. The date at which this is submitted will be used when considering your request. When explaining your absence, you may provide as much detail as you feel comfortable, but **you are not required to reveal anything**

**personal.** If your absence involves a deeply private issue, please seek guidance from your College Registrar first about how to communicate with me.

3. One week after submitting the Missed Test or Assessment form you will receive an email from me that will either: approve your request for a make-up; ask for more information; or deny your request. If you feel I have not treated your request fairly you may contact your College Registrar to mediate.

The above steps must be followed to receive consideration. Additionally, you are welcome to contact me via email or in office hours to further discuss your absence, but this is not required. You should also review the Arts and Sciences specific policy details here: <https://www.artsci.utoronto.ca/current/academics/student-absences>

There will be one make-up midterm scheduled for the end of the Fall semester. This exam will cover material from the entire course and will replace your grade on the Midterm. There will also be one make-up writing assignment scheduled for the end of the Fall semester. There will be no other make-up tests scheduled.

If you are facing significant difficulties in attending class or completing assignments that continue for longer than a week you should contact your College Registrar immediately for assistance.

## 8. Communication

The course email is [eco231h1f.eco232h1s.a@course.utoronto.ca](mailto:eco231h1f.eco232h1s.a@course.utoronto.ca). Use this email address for all course organization related questions, questions regarding Accessibility accommodations, problem sets, assessment problems, tutorials etc. Any content questions or questions that other students would like the answer to should be posted on Piazza. Emails about course content will be redirected to Piazza and office hours.

The instructor's email is [o.denislamova@utoronto.ca](mailto:o.denislamova@utoronto.ca). Use instructor emails for course problems that require immediate attention (e.g. broken links etc.) or for personal problems. If you have a personal problem that you'd like to discuss privately in a synchronous setting, we can schedule a brief meeting. No content-related questions will be addressed by the instructor via email. I will do my best to respond to the shorter emails within 2 business day and to the longer emails within 5 business days.

### 8.1 Office Hours

I will be holding 1 virtual office hour session during the week (times will be posted on Quercus). The online sessions will not be recorded so that students feel comfortable actively participating. You can find the link on Quercus. If these times are not well-attended, I may adjust them to ensure that more students can access the office hours. The TAs will hold in-person office hours. Please see the schedule posted on Quercus for exact times, dates and locations.

### 8.2 Piazza

Register for Piazza via Quercus (left toolbar). The emphasis is on student-to-student Q&A. However, the TAs will work to ensure proper usage, flag some postings, and answer selected content questions. We will also answer questions requiring an instructor's response (e.g. about the syllabus). Give a descriptive title to your post: for example, "Lecture 13, Slide 7: Meaning of the alpha parameter?" or "PS 4, Problem 2" rather than "Help with lecture" or "Problem Set question." Also, specific questions that include relevant images (e.g. relevant screenshots or a scan of your attempt) tend to have the best chances of a helpful answer. If you know the answer to another student's question, feel free to reply, and the TA will mark your answer as correct if they agree. The board will be monitored daily by a TA and myself, and we will answer as many questions as we have time to each day. However, due to the size of the class we may be unable to answer every new question as they come up. Please wait 48 hours before re-asking a question if it hasn't been answered yet.

At the end of the course, I will give the top two student answerers on Piazza an extra 2 marks to their course grade. Answerer rankings will be weighted by number of endorsed answers, so students who spam low-effort answers will not rank highly.

## 9. Academic Integrity

Academic Integrity is central to a UofT education. We take academic integrity very seriously, and so should you. Please do not put yourself, your classmates, the TAs and me in a terrible situation by engaging in academic integrity violations. Even if you are suffering stress, under extreme pressure, far behind, facing failure, and/or lacking self-confidence, cheating is not worth it. Dealing with infractions is incredibly stressful for everybody involved and can take many, many months to resolve, which may affect your ability to take courses next year. In order to avoid an academic integrity infraction, follows these guidelines:

- **Do your own work.** We design course work to develop and assess skills useful in upper-level courses and the job market. You lose a valuable opportunity to develop these skills and lower the value of the UofT brand when you cheat.
- **Properly acknowledge other people's ideas.** You'd want the same for your ideas.
- **Ask you if are unsure.** Unless explicitly told otherwise, assume that you CANNOT discuss ANY graded work with anyone—this includes classmates, friends, family, tutors (paid or unpaid), neighbors, literally anyone. Checking websites for answers, posting your work for others to use, collaborating, soliciting/receiving answers, stating false or misleading information related to assessments, etc., are examples of actions that violate Academic Integrity unless explicitly allowed. Unintentional mistakes or confusion are not a defense. Ask us if you're unsure.
- You will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).
- Please read this link and sublinks: <https://www.artsci.utoronto.ca/current/academic-advising-and-support/student-academic-integrity>

### 9.1 Use of Generative AI for Assignments (ChatGPT)

You are not allowed to use any outside aids, including generative AI, during the in-person assignments (midterms, final exam, or writing assignment). You are welcome to use generative AI as a learning aid when studying or completing the group problem sets. Please be aware of the limitations of this technology in general, such as hallucinations and inaccurate information, and for our course specifically. Regrade requests which use answers from ChatGPT, for example, will not be successful.

For the Take-Home Writing Assignment, **selective** use of Generative AI tools is **permitted**, though not encouraged. In particular, generative AI tools will be permitted for:

1. Creating an outline for a written assignment to provide inspiration and suggest structure;
2. Gathering information from across sources and assimilating it for understanding.

Any content produced by an artificial intelligence tool must be cited appropriately. Many organizations that publish standard citation formats are now providing information on citing generative AI (e.g., MLA: <https://style.mla.org/citing-generative-ai/>).

The submitted version of the Take-Home Writing Assignment must be original work produced by the individual student. Representing as one's own an idea, or expression of an idea, that was AI-generated may be considered an academic offense.

Consequently, students who choose to use generative AI tools as they work through the Take-Home Writing Assignment, must provide relevant documentation in a set of appendices. Specifically, Appendix I should include:



1. What AI tool(s) were used;
2. How they were used in working towards the assignment;
3. How any results from the AI were incorporated into the submitted work;

Students must also include Appendix II. In it, they should submit any content produced by an AI tool, and the prompt(s) used to generate this content.

## 10. Anticipating Challenges, Changes and Disruptions

I would strongly suggest you make your best efforts starting immediately and on every assessment and every participation opportunity. Do not count on future work to achieve the course grade you are hoping for. Beyond challenges that may affect you, all dates and details in this syllabus are subject to adjustment should any situations arise that disrupt our original plans for the course. The planned format of assessments and activities may change and the weights may need to change in unexpected ways if the course ends up significantly disrupted by events outside of our control. As always, you are expected to keep a sharp eye on our [Quercus](#) site for announcements and information. Be prepared for disruptions and changes.

## 11. Topics Outline

Below is the tentative topics outline for the course. The actual pace and content may differ.

Topics	Chapter(s)	Week(s)	Description
Introduction	1, 2, 3	1	Principle of Comparative Advantage & Ricardian Model Setup
Classic Trade Theory	3, 6	2	Trade in Ricardian model: Comparative Advantage due to Productivity Differences
	4, 6	3,4	Multiple Factors of Production, The Specific Factors Model and Distributional Consequences of Trade
	5, 6	5	Comparative Advantage due to Endowment Differences: the Heckscher-Ohlin Model
Introduction to Modern Trade Theory	8, Lecture Notes	8	Trade and Economies of Scale
		9	Modern Theories of Trade: Intra-industry Trade & Multinational Production
Trade Policy	9	6,7	Instruments of Trade Policy
	9	6,7	Costs and Benefits of Trade Restrictions
	7	8	Trade under External Economies of Scale
	10-12, Lecture Notes	10	Trade Agreements
		11	Developing Countries and Trade: Issues of Economic Growth and Wellbeing
	12, Lecture Notes	12	Challenges to International Trade