

International Trade
ECONOMICS 3352B -001
Department of Economics
Western University

Instructor: Miguel Cardoso

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Office Hours: Monday 12-2pm, or by appointment
Classroom meeting time(s) & location: 6:30-9:30pm, 3018 SSC
Course website: <https://owl.uwo.ca/portal>
Undergraduate inquiries: 519-661-3507 SSC Room 4075 or econugrd@uwo.ca

Registration

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

Prerequisite Note

The formal prerequisite for this course is **Economics 2261A/B**. In addition, you should be very comfortable with **calculus, algebra, and geometry**. This course will make heavy use of all these tools.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an anti-requisite course. Lack of pre-requisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Course Description

This course is an advanced introduction to the study of international trade. We will examine models of international trade and investigate how well these models do in explaining the observed patterns of trade among countries. We will use the frameworks provided by these models to ask how large are the gains from trade, and to analyze policy issues such as tariffs and trade agreements. We will also examine theories of foreign investment and multinational firms.

Course Learning Outcomes

By the end of this course, students will learn to:

- Identify major features of the bilateral patterns and industry composition of international trade flows in the data;
- Analyze the determinants of comparative advantage and international trade in common theories of international trade;
- Solve for equilibrium outcomes in simple, fully-specified models of international trade;
- Evaluate the effects of international trade on national output, wages, and productivity;
- Assess the predictions of international trade theories and compare them to data

Textbook

There is no required text for this course. You are responsible for all material covered in lectures, as well as articles and other readings that are made available on the course website. Please note that the material online will not cover everything that we will discuss in class, so it is important that you maintain a full set of notes on in-class material.

The following book is not a substitute for in-class notes, but may provide some background helpful in understanding the material. It is available on reserve in Weldon library.

Krugman, Obstfeld, and Melitz, “International Economics: Theory and Policy” (*first half*)
A basic undergraduate text that treats the models we discuss at a *much lower* level. Previous versions without the third author are available, and are similar.

Grading

Your grade in this course will be based upon 4 homework assignments, a midterm exam, and a final exam. They will contribute to your final grade as follows:

Homework Assignments: 30%

Midterm Exam 30%

Final Exam 40%

Homework Assignments will be posted online, and each one will be due one week after it is posted. Your assignment must be turned in to me by the end of class on the due date. Assignments may not be submitted by email or any other method. Late assignments will not be accepted. **Your highest 3 homework scores will count toward your grade.** I encourage you to discuss the problems and solutions with your classmates, but you must each write up your own individual assignments independently. Identical or essentially identical assignments will receive a grade of zero.

The **Midterm Exam** will be given on Monday, Feb 12, during class time. **The Final Exam** will be held at a time and location to be determined by the University Registrar. Both exams will be closed-book and closed-notes. The only electronic device you may use during exams is a non-graphing, non-programmable calculator.

The final exam is **cumulative**, meaning it will cover all material in the course. If you miss a midterm due to illness or other acceptable excuse, and if Academic Counseling recommends accommodation, the weight of your midterm exam will be added to your final exam. Lack of an acceptable justification for missing an exam will result in a grade of zero for that exam.

Outline of Topics

This is a tentative schedule that may be adjusted based on time constraints.

Weeks 1-2

A. Data: Basic Patterns of International Trade

- i. The volume and pattern of bilateral trade flows
- ii. Growth in the volume of trade over time

B. Comparative Advantage and the Ricardian model

- i. Comparative advantage and gains from trade
- ii. Empirical evidence on the Ricardian model
- iii. Trade policy in the Ricardian model

Weeks 3-4

C. Factor endowments and the Heckscher-Ohlin-Samuelson model

- i. The Five Theorems of the H-O-S model
- ii. Empirical evidence and the Leontief paradox

Weeks 5-6

D. Specific Factors model

- i. Trade policy and trade politics with specific factors

Weeks 7-9

E. New Trade Theory

- i. Imperfect competition and increasing returns
- ii. Empirical evidence on new trade theory

F. Gravity and the border effect

Weeks 10-13

G. Firms in international trade

Please Note
Department Policies for 2017 – 2018

Remember that the University expects all students to take responsibility for their own academic Programs. Also remember to check your registration to make sure you are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at <http://westerncalendar.uwo.ca>.
2. Students must familiarize themselves with the “Rules of Conduct for Examinations” <http://westerncalendar.uwo.ca/2017/pg136.html>.
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat”. The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other economics courses or programs. The University may impose further penalties such as a notation on your official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge it by using quotation marks where appropriate and referencing with footnotes or citations. Plagiarism is a major academic offence (see Scholastic Offence Policy in the current UWO Academic Calendar at <http://westerncalendar.uwo.ca/2017/pg113.html>).

The University of Western Ontario uses software to check for plagiarism and students may be required to submit their written work in electronic form. Those found guilty will have penalties imposed as noted in point 3.

5. It is Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students are responsible for submitting assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the University’s Procedures in the current UWO Academic Calendar (<http://westerncalendar.uwo.ca/2017/pg112.html>). Please note the relevant deadlines.

The Department will not consider any appeal unless an attempt has been made to settle the matter first with your instructor. If after this discussion you remain dissatisfied with a grade or other decision, you may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for your appeal. A useful form and checklist is provided at (http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals).

7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.

8. Note the following add and drop deadlines:

Last day to **add** a 1st term half course:
Friday, September 15th, 2017

Last day to **drop** 1st term half course without academic penalty:
Monday, November 13th, 2017

Last day to **add** a 2nd term half course:
Tuesday, January 16th, 2018

Last day to **drop** 2nd term half course without academic penalty:
Wednesday, March 7th, 2018

9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is not an excuse for a make-up. This rule applies to all mid-term tests and final exams in the Department of Economics.

Policy Regarding Makeup Tests and Final Examinations

*Academic accommodation will **not** be granted automatically on request. You **must** demonstrate by documentation that there are **compelling** medical or compassionate grounds before academic accommodation will be considered.*

If you decide to write a test or an examination, you must be prepared to accept the mark you earn. Rewriting tests or examinations, or having the value of the test or examination reweighted on a retroactive basis, is **not** permitted. Book airline flights after you know the dates of your final examinations. Airline flights must not conflict with test or final exams.

If you are requesting a makeup test for a midterm or a final examination, unless medically incapable, notify your instructor by email or phone, preferably prior to the scheduled date of the test, but definitely within **24 hours** of the date of the test or exam. Failure to follow this procedure may result in denial of a request for academic accommodation or result in a grade of zero. Set up an appointment as soon as possible to meet personally with your instructor. If the instructor is not available, you may send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca (Social Science Room 4075). **Notifying your instructor of a missed test or exam does not automatically entitle you to a makeup test.**

Students who seek a makeup test or examination must provide medical or other relevant verification that their absence from a regularly scheduled test or examination is beyond their control. Documentation must support your reasons. Medical documentation should be given to the Academic Counselling Office of your *home* Faculty **as soon as possible (preferably within 24 hours of the test)** if you know you may not be able to write your final examination on the scheduled day and time. Failure to follow this procedure, or to provide supporting documentation, may result in denial of a request for academic accommodation or result in a grade of zero. If your documentation is not acceptable, you will be given a zero for the missed test.

For personal illness, if you consult Student Health Services regarding your illness or personal problem, you should request a Student Medical Certificate from the physician. If you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The off-campus medical certificate form must be used and can be found at: http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf. Notes stating "For Medical Reasons" are not considered sufficient.

For any other circumstances, if you are not sure what documentation to provide, ask your Academic Counsellor. If your documentation is judged sufficient, the Academic Counsellor will issue a Recommendation for a Special Examination (a single form for midterms or a triple color form for final examinations). Once you have this form, contact your instructor as soon as possible to make arrangements. Even if approved from your home faculty Academic Counsellor, there is no guarantee that you will be allowed to write the makeup test and exam.

For final examinations, you need permission from your *home* Faculty Counsellor, your instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in an examination grade of zero. You must ensure that the Special Examination form has been signed by the instructor and Department Undergraduate Director and that the form is returned to the Academic Counselling Office for approval without delay. Make-up final examinations, if permitted, will be written within one month of the end of the exam period.

Policies Regarding Academic Accommodation

Information about the Faculty of Social Science's policies regarding academic accommodation is found on its website at <http://counselling.ssc.uwo.ca/procedures/havingproblems.asp> or in Social Science Room 2105. Your "Academic Rights and Responsibilities" are also outlined in the current UWO Calendar at <http://westerncalendar.uwo.ca/2017/pg111.html>. Claiming that "you didn't know what to do" is not an acceptable excuse for not following the stated procedures.

Policy Regarding Class Attendance

If your instructor views your class attendance as unsatisfactory, you can be prohibited from writing the final examination. If there is intent to make use of this University policy, you will be notified in writing.

Statement on Mental Health and Support Services

If you or someone you know is experiencing emotional/mental distress, there are several resources here at Western to assist you. Please visit <http://www.uwo.ca/uwocom/mentalhealth/> for more information and a complete list of resources, as well as how to obtain help.