International Trade (Honours)
ECONOMICS EC3352B -001
Department of Economics
Western University

Instructor’s Name: Miguel Cardoso                                                             January 2018

Office: 4064 SSC
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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.


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 1\textsuperscript{st} term half course:  
   **Friday, September 15\textsuperscript{th}, 2017**

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

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

   Last day to **drop** 2\textsuperscript{nd} term half course without academic penalty:  
   **Wednesday, March 7\textsuperscript{th}, 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](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](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](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/](http://www.uwo.ca/uwocom/mentalhealth/) for more information and a complete list of resources, as well as how to obtain help.
Guidelines for Essay Courses

Essay Courses
An essay course is defined as a course in which the cumulative amount of written work, excluding written work in examinations, is normally at least 2,500 words (for a half course).

In order to pass an essay course the student must exhibit some minimal level of competence in essay writing as well as the appropriate level of knowledge of the content of the course.

English Language Proficiency for Assignment of Grades
Students must demonstrate the ability to write clearly and correctly. Written work on any subject that shows a lack of proficiency in English and is unacceptable for academic credit will be failed or, at the discretion of the instructor, returned to the student for revision to an acceptable literate level.

To foster competence in the use of the English language within their disciplines, all instructors will take proficiency in English into account in the assignment of grades. Note that this policy applies to all courses, not only essay courses.

Recycling of Assignments
Students are prohibited from handing in the same essay or paper for two different courses. This would be considered a scholastic offence and subject to academic penalties, including, but not limited to, the possibility of zero on that particular assignment.

Plagiarism
Plagiarism is defined as “the act or an instance of copying or stealing another’s words or ideas and attributing them as one’s own.”

The concept of plagiarism applies to ALL assignments and their component parts, including essays, reports, diagrams, statistical tables, and computer projects.

1 From the UWO Academic Handbook. See http://www.uwo.ca/univsec/pdf/academic_policies/registration_progression_grad/coursenumbering.pdf

2 From the UWO Academic Handbook. See http://www.uwo.ca/univsec/pdf/academic_policies/exam/english.pdf

Below are examples of some common mistakes that constitute acts of plagiarism. It is plagiarism if you:4

- Submit someone else’s work as your own
- Buy a paper from a paper mill, website or other source and submit it as your own work
- Copy sentences, phrases, paragraphs, or ideas from someone else’s work, published or unpublished, without giving the original author credit
- Replace selected words from a passage and use it as your own without giving the original author credit
- Copy any type of multimedia (graphics, audio, video, internet streams), computer programs, music compositions, graphs, or charts from someone else’s work without giving the original author credit
- Piece together phrases, ideas and sentences from a variety of sources to write an essay without giving the original authors credit
- Build on someone else’s ideas or phrases to write your paper without giving the original author credit

Plagiarism is a serious scholastic offence. Possible consequences of plagiarism include a mark of 0% on the assignment, a mark of 0% for the entire course, and expulsion from the university.

Purchasing an essay is a form of plagiarism and a very serious offence. The UWO Academic Calendar indicates that the penalty can be as severe as expulsion from the university.

Instructors may require students to submit their written work electronically to http://www.turnitin.com. Turnitin.com is a service that assists instructors and students in detecting and avoiding plagiarism.

Students wishing more guidance on how to avoid plagiarism or in doubt about whether their work constitutes plagiarism should consult their instructor. Claiming that you did not know you have plagiarized is not an acceptable excuse.

The key to avoiding plagiarism is to cite references correctly and fully for the sources you use in your work. The next section provides a summary of style guidelines for citing references.

**Referencing and Citation Guidelines**

If you use the work or ideas of others in your work, you must acknowledge the contributions of the original authors and provide citations and references to their work.


Economics papers typically use the **author-date** style of references. A detailed explanation of the author-date style and numerous examples of citations for print and electronic sources are available

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4 From the San José State University Plagiarism Tutorial http://tutorials.sjlibrary.org/tutorial/plagiarism/
in chapter 15 of the Chicago Manual of Style Online. See also the handy “Chicago-Style Citation Quick Guide” under Tools on the homepage.

In the body of an essay, in-text citations give the last names of the authors of the piece you are referencing, the year of publication, and, where relevant, page numbers. These in-text citations refer the reader to more complete bibliographic references given in a list of references at the end of the essay. If your paper cites multiple works by the same author(s) with the same publication year, the convention is to add a lower case letter after the date in both the in-text citation and the References, e.g., 1993a and 1993b. This way, the in-text citation points the reader to the correct work in the References.

Examples of in-text citations:

Diamond (1981, 1982) and Mortensen (1982a, 1982b) find these externalities can cause an inefficient level of search activity…

The “new view of unemployment” which emerged during the 1970s emphasized the importance of turnover in the labour force and the brief duration of many employments spells (Hall 1970, 1972; Perry 1972; Marston 1976).

The primary objectives of the LMAS are “1. To provide measures of the dynamic…the Labour Force Survey” (Statistics Canada 1990, 5).

The list of references at the end of the essay should be titled References or Works Cited. It provides more complete bibliographic information about each source cited. In addition to References, you should also provide adequate referencing of any data sources. This should be done in a data appendix following the text of the paper and before the References.

Examples of the author-date style in the References for some commonly used materials follow. Note that for a book with two or more authors, only the first author’s name is inverted, and a comma appears both before and after the first author’s given name or initials.

(i) BOOKS:

Lastname, Firstname. Copyright year. Title of Book. Place of Publication: Publisher’s Name.


(ii) JOURNAL ARTICLES OR ARTICLES IN A BANK REVIEW:


(iii) GOVERNMENT PUBLICATIONS:
Government Agency, Bureau or Department. Year. Title. Catalogue or issue number or additional information (where applicable).


(iv) NEWSPAPERS:

Lastname, Firstname. Year. “Title.” Name of Newspaper. Month day. Note that the page number should be given in the in-text citation, for example, (Sicular and Hartford 1989, 14).


(v) CHAPTERS IN EDITED BOOKS OR CONFERENCE VOLUMES:

Lastname, Firstname. Year. “Title.” In Title of Book/Volume, edited by Firstname Lastname, page range. Place of Publication: Publisher’s Name.


(vi) ONLINE BOOKS:

Lastname, Firstname. Year. Title. Place of Publication: Publisher. url/web address (access date).


(vii) ONLINE JOURNAL ARTICLES:

A DOI (digital object identifier) is preferable to a URL. If using a URL, use the address that appears in your browser’s address bar when viewing the article (or the abstract) unless a shorter, more stable form of the URL is offered along with the electronic article.

Lastname, Firstname. Year. “Title.” Journal Volume: pages or article number. doi: OR url/web address (access date)


(viii) INTERNET SITES:

Name of Website or Organization. “Title”. Access date. url/web address.


**Writing an Economics Essay: Starting Points**

The best place to start a written economics assignment is by reviewing your instructor’s description of and instructions for the assignment. If you have questions about the assignment, you should ask your instructor.

A good way to learn how economists write is to read work written by economists. Examples of economic writing can be found in the course outline, economics journals, working papers series, and other economic publications. Your instructor may be able to suggest good examples of published work or provide examples of good student work from past years.

Two books that provide useful advice on how to write for economics are:


**Writing an Economics Essay: Resources**

An excellent place to start looking for information and ideas is the **Resources Link** on the Department of Economics website ([http://economics.uwo.ca/resources/index.html](http://economics.uwo.ca/resources/index.html)). Here you will find a comprehensive list of sources for published and unpublished economic papers, articles, books, theses, government publications, data, and so on.

The **DB Weldon Library** has an outstanding collection of materials in economics, including bibliographies, indexes, handbooks, and periodicals. Library holdings, the online library catalogue, and other resources are available electronically from the Western Libraries Homepage [http://www.lib.uwo.ca/](http://www.lib.uwo.ca/). Access is available anywhere there is an internet connection using the Off Campus Proxy Server on the Library main page.

There is a wealth of “how to” information, including YouTube videos, on the Library’s home page. You are strongly encouraged to take a library orientation tour, as well, to learn about where things are located physically and online, and where to go for assistance. You should feel free to consult library staff if you have any questions or are having difficulty using the library.
**The New Palgrave Dictionary of Economics** is a good place to begin exploring topics in economics. The most comprehensive dictionary of economics in existence today, it features articles by influential economists in their areas of expertise. It is available online through the library catalogue, or in print in the Weldon’s Reference section (call # HB 61.N49 2008 v. 1-8).

**EconLit** *(Economic Literature)* is a comprehensive, indexed electronic bibliography of economic literature from 1969 to the present covering major journals, articles in collective volumes (essays, proceedings, etc.), books, book reviews, dissertations, and working papers. Citations, selected abstracts, and links to UWO’s full-text resources are provided. *EconLit* is available through the Library catalogue, or from the Library’s list of Databases found under “Research Tools” on the Library homepage [http://www.lib.uwo.ca/](http://www.lib.uwo.ca/).

You can download and print records from the *EconLit* database. Once you have successfully marked records of interest, download your marked records to a text file, send marked records by email, or export them to a citation manager such as *Refworks*.

**Refworks** is a bibliographic and citation software tool that can be used to construct citations and lists of references in the author-date and other styles. Search the library catalogue (title search) for *Refworks* for access using Western’s group access code.

**CANSIM** *(Canadian Socio-economic Information Management System)*
is Statistics Canada's computerized database of time series data covering a wide variety of social and economic aspects of Canadian life. Access the database by doing a Title Search on the Western Libraries Catalogue, or from the Library’s list of Databases found under “Research Tools” on the Library homepage [http://www.lib.uwo.ca/](http://www.lib.uwo.ca/).

**Western Undergraduate Economics Review (WUER)**
The Department of Economics encourages students to consider submitting their essays to the *Western Undergraduate Economics Review*, a journal published annually by the Department that showcases student work in economics. For information about the *WUER* and its submission guidelines, please visit [http://economics.uwo.ca/undergraduate/undergraduate_economics_review.html](http://economics.uwo.ca/undergraduate/undergraduate_economics_review.html).
Alumni Essay Prizes in Economics

The following criteria will be used, and each prize is valued at $550:

1. Students can only win an Alumni Prize once.

2. Two prizes may be awarded at the end of the academic term. One for a student registered in a 2100 level course and one for a student registered in a 2200 or higher level course. Economics 4400E is not eligible for this as it has its own paper prize.

3. Instructors will nominate students for the prize. The paper should be submitted to the Undergraduate Coordinator for consideration by the Essay Prize Committee, which will decide the winner.

4. The Essay Prize Committee will consist of the Undergraduate Program Director, WUER Faculty Advisor and one other faculty member. The decision of the Committee is final and cannot be appealed.

5. Papers will be judged on content, originality, use of references, spelling and grammar.

The grade given to the paper will not influence the decision of the Essay Prize Committee as all comments by the original marker will be removed.

The deadlines for submissions are:

Fall courses: December 21st  
Winter courses: April 30th

*The winner of the essay prize will have his/her paper submitted in the spring to the Western Undergraduate Economics Review. Other appropriate papers may also be submitted.*