Instructor Information
Professor: Horatiu RUS
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Office Phone: #38338
Office Hours: Wednesday 10-11am or by appointment
Email: hru@uwaterloo.ca
Twitter: @horatiurus

Course Description
This advanced undergraduate course discusses selected international trade theories, trade policy and empirical topics representative of recent research. Theory, extensions, applications and empirical tests of models such as: comparative advantage, factor proportions, increasing returns to scale and imperfect competition, heterogeneous agents, trade policy instruments, gravity models, political economy, offshoring, distributional effects and trade and environment will also be covered. The topics are discussed using a combination of graphical, mathematical and empirical economics tools.

Required Text
- There is no required textbook for the course. However, each student should ensure they have regular access to at least one book listed under “1” below.

Several useful sources are listed below as highly recommended and will be placed ON RESERVE in UW Library - Porter:


Or:

Or:

(an entirely non-technical yet rigorous discussion of the evolution of economic thinking about international trade)

3. More advanced:


Course Requirements and Assessment

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<thead>
<tr>
<th>Assessment</th>
<th>Date of Evaluation</th>
<th>Weighting</th>
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<tbody>
<tr>
<td>Problem set 1</td>
<td>tba</td>
<td>10%</td>
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<tr>
<td>Problem set 2</td>
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<tr>
<td>Midterm Exam</td>
<td>October 29 - tentative</td>
<td>30%</td>
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<td>Class Participation</td>
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<td>Final Exam</td>
<td>Scheduled by Registrar’s Office</td>
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Important notes on grading, assignments and exams:

1. The problem sets include several questions based on the material discussed in the lectures or readings. These problem sets are meant to deepen and extend your understanding of the issues and can be explored in small teams. You can work in groups of maximum 3, but must submit individually drafted versions of the assignment. Problem sets are due in class at the beginning of the lecture. Legible electronic submissions are also acceptable (one file per submission please).
2. Exams cover all lecture material, indicated articles, textbook chapters, problems and additional reading.
3. There are no make-up tests. If you miss the midterm exam and present appropriate documentation, the weight will be shifted to the final exam.
4. Class participation includes attendance and informed discussion of the topics and readings covered.

Course Outline

Students are required to read the assigned articles, textbook chapters and are encouraged to read the supplementary readings for every section. Please note that this list is tentative and changes to the weekly reading list are likely. The final set of readings will depend on the class background and interests, and will be announced in class and posted on UW-Learn for each upcoming week of classes.
<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Readings Due</th>
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| 1    | tba  | International Trade: Stylized facts. The Gains from Trade | slides  
Helpman and Krugman, 1985, pp. 28-29  
+ TBA |
+ TBA |
| 3    | tba  | The Specific Factors Model | Krugman & Obstfeld chapter 3 (ninth or older than seventh versions only) or Feenstra & Taylor chapter 3 or (more advanced) Markusen et al. chapter 9  
Helpman: chapter 3  
+ TBA |
| 4    | tba  | International Trade Driven by Factor Endowments: the Heckscher-Ohlin-Samuelson Model | Helpman: chapter 2  
Feenstra (2003) chapters 1, 2, and 3.  
Williamson and O’Rourke "The Heckscher-
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<th>Week</th>
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<tr>
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<td>When It Explained Factor Price</td>
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<td>Convergence, When It Did Not, and</td>
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<td>Why,&quot;NBER Working Papers 7411. + TBA</td>
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<td>6</td>
<td>tba</td>
<td>Increasing Returns. Imperfect Competition and International Trade</td>
<td>Feenstra, ch. 5</td>
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<td>Helpman ch. 4</td>
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<td>Helpman and Krugman ch. 3, 7, 11</td>
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<td>Paul Krugman's Nobel Prize Lecture (video) + TBA</td>
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| 7,8,9 | tba | Trade Policy Instruments.  
Trade Policy under Perfect and Imperfect  
Competition.  
Trade Agreements and the WTO | Feenstra ch 7,8  
Trefler, Daniel. "The Long and Short of the Canada-U.S. Free Trade Agreement."  
Broda, Christian, Nuno Limao, and David E.  
Weinstein. 2008. "Optimal Tariffs and  
Market Power: The Evidence." American  
+ TBA |
| 10 | tba | Firms in International Trade. Gravity  
models | Marc J. Melitz. "The Impact of Trade on  
Intra-Industry Reallocations and Aggregate  
71, No. 6 (Nov., 2003), pp. 1695-1725.  
Bernard, Andrew, Stephen Redding, and  
Peter Schott. "Comparative Advantage and  
Heterogeneous Firms." Review of  
Arkolakis, Costas, Arnaud Costinot, and  
Andrés Rodríguez-Clare. 2012. "New  
Trade Models, Same Old Gains?" American  
Anderson, James E., and Eric van Wincoop.  
"Trade Costs." Journal of Economic  
Literature 42, no. 3 (2004): 691-751.  
Stephen J. Redding, 2011. "Theories of  
Heterogeneous Firms and Trade," Annual  
3(1), pages 77-105, 09.  
+ TBA |
| 11 | tba | Other Topics in Trade: Political Economy | Grossman, Gene, and Elhanan Helpman.  
"Protection for Sale." American Economic  
Goldberg, Pinelopi Koujianou and Giovanni  
Empirical Investigation. American  
Economic Review. |
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**Late Work**
Late submissions will not be accepted without a documented reason.

**Electronic Device Policy**
Laptop computers should only be used to take notes on the margins of slides or other class-related activities. While the course material is interesting, it was not designed to compete with social media.

**Attendance Policy**
While attendance is not enforced, students are expected to attend each class having read the assigned readings and ready to contribute to the discussion.

**Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009**

**Academic Integrity**
In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity webpage](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/guidelines/guidelines-academic-integrity) and the [Arts Academic Integrity webpage](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/guidelines/guidelines-academic-integrity-arts) for more information.

**Discipline**
A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to the [Policy 71 - Student Discipline](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71). For typical penalties check the [Guidelines for the Assessment of Penalties](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/guidelines/guidelines-assessment-penalties).

**Grievance**
A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read the [Policy 70 - Student Petitions and Grievances](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70), Section 4. When in doubt, please be certain to contact the department’s administrative assistant who will provide further assistance.

**Appeals**
A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to the [Policy 72, Student Appeals](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72).

**Note for Students with Disabilities**
The [AccessAbility Services](https://uwaterloo.ca/accessability) office, located on the first floor of the Needles Hall extension (NH 1401), collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic
accommodations to lessen the impact of your disability, please register with the AS office at the beginning of each academic term.

**Mental Health Support**

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health supports if they are needed.

**On Campus**

Counselling Services: counselling.services@uwaterloo.ca / 519-888-4567 xt 32655

**MATES**: one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services

Health Services Emergency service: located across the creek form Student Life Centre

**Off campus, 24/7**

**Good2Talk**: Free confidential help line for post-secondary students. Phone: 1-866-925-5454

Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-433 ext. 6880

**Here 24/7**: Mental Health and Crisis Service Team. Phone: 1-844-437-3247

**OK2BME**: set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online at the Faculty of ARTS website

Download UWaterloo and regional mental health resources (PDF)

Download the [WatSafe app](#) to your phone to quickly access mental health support information

**Territorial Acknowledgement:**

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabeg and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.

For more information about the purpose of territorial acknowledgements, please see the CAUT Guide to Acknowledging Traditional Territory (PDF).