

Nov 28, 2013

**Syllabus: ECON 231 – Introduction to International Trade
Fall 2013**

Instructor:

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Objectives:

This course introduces the key concepts of international trade. We will develop models that allow us to analyze whether there are gains from trade, the determinants behind the patterns of trade, the implications of trade for domestic and foreign economic conditions, and how governments can manipulate the patterns of trade. In addition we will examine trade institutions and discuss articles from the popular press.

Required Readings:

- Feenstra and Taylor. *International Trade*, 2nd edition, Worth Publishers, 2010.
 - Note: additional quizzes and exercises are available on the textbook website: http://bcs.worthpublishers.com/feenstrataylor2_intltrade
- Occasional supplementary readings from the popular press will also be posted through LEARN.

Recommended Readings:

- Krugman and Obstfeld. *International Economics: Theory and Policy*.
- The Economist
- Trade Related Blogs:
 - <http://rodrik.typepad.com/> (Dani Rodrik)
 - <http://economistsview.typepad.com/> (Mark Thoma)

Prerequisites:

Econ 101 and 102

You will be expected to use simple algebra, interpret and manipulate graphs, and think abstractly about issues and policies

My Expectations:

- You will come to class and you will participate
- You will read the required readings
- You will stay on top of the material
- You will complete the problem sets
- I encourage you to do the practise questions in the textbook and on the textbook's website

Method of Evaluation:

2 Problem Sets Due at beginning of class Oct 17 & Nov 21 – 10% of final grade

Midterm Examination: Thursday Oct 24th (in class) - 30% of final grade

Final Examination: date TBD - 60% of final grade

NOTE: Students who write the midterm exam but do better on the final exam will have half of the weight of the midterm shifted to the final. Thus your final mark would be 10% problem sets, 15% midterm, and 75% final.

Absence from Exams:

Failure to write an exam results in a grade of zero. Exceptions will only be made under the most extreme circumstances, with a written note, and according to the policies of the department of economics and faculty of Arts.

If you miss the midterm due to illness or other excused absence the 30% weight will be shifted to the final examination.

Course Outline:

The course will cover most of the principal topics in the textbook and generally follow its structure. The following is a tentative course outline and will be updated as we proceed through the course.

Sept 10 & 12 – Lectures 1&2: Trade Game and Trade Game Debrief

Sept 17 – Lecture 3: Introduction to Trade

- Feenstra Ch. 1
- Article: “East India Companies”
- Article: “Boxed In: International Trade”
- Article: “Shrinking Surplus”
- Article: “Innovation. Big bills left in the shipping container”

Sept 19 – Lecture 4: Ricardian Model – Part 1

- Feenstra Ch. 2
- Article: “Finding Your Niche”
- Article: “Why Trade is Good”

Sept 24 – Lecture 5: Ricardian Model – Part 2

- Feenstra Ch. 2
- Article: “Unbalanced Economy”
- Article: “High Oil Prices Benefit Canada”
- Article: “Oil Barons Have a Ball”

Sept 26 – Lecture 6: Increasing Opportunity Costs

Oct 1 & 3 – Lectures 7&8: Heckscher-Ohlin Model

- Feenstra Ch. 4

Oct 8 – Lecture 9: Empirical Tests of the Heckscher-Ohlin Model

Oct 10 – Lecture 10: Trade and Wages

- Article: “Cheap and Cheerful”
- Article: “Krugman’s Conundrum”
- Article: “Rich Man’s Recovery”

Oct 15 – Lecture 11: Specific Factors Model

- Feenstra Ch. 3

Oct 17 & 22 – Lecture 12 & 13: International Factor Movements

- Feenstra Ch. 5

Oct 24 – Midterm Exam

Oct 29 & Oct 31 - Lectures 14&15: Economies of Scale and Monopolistic Competition

- Feenstra Ch. 6
- Article: “Down Towns”

Nov 5 & 7 - Lectures 16&17: Instruments of Trade Policy, Tariffs under Perfect Competition

- Feenstra Ch. 8
- Article: “Tariffs are the hidden hand behind U.S. – Canada price gap”
- NPR Podcast: “Plant Money Episode 467: Tires, Taxes and the Grizz”
<http://www.npr.org/blogs/money/2013/06/21/194326482/episode-467-tires-taxes-and-the-grizz>

Nov 12 & 14 – Lectures 18&19: Import Quotas, Imperfect Competition

- Feenstra Ch. 9
- Article: “The chickens have come home to roost”

Nov 14– Lecture 20: Dumping

- Feenstra Ch. 9

Nov 19 – Lecture 21: High Tech Subsidies

- Feenstra Ch. 10

- Article: “Boeing vs Airbus”
- Article: “Boeing subsidies”

Nov 21 – No lecture

Nov 26 – Lecture 22: Trade Agreements

- Feenstra Ch. 11
- Article: “The Doha Round.. and round”
- Article: “So near and yet so far”

Nov 28 – Lectures 23: Labour and Environmental Standards

- Feenstra Ch. 11
- Article: “Corporate social responsibility; disaster at Rana Plaza”
- Article: “Is your wardrobe killing Bangladeshis, or saving them”?
- Article: “After Bangladesh, what’s the real cost of a cheap \$8 shirt”?
- Article: “Race to the bottom for garment workers”
- Article: “Air Trade”

Academic Integrity:

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility.

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 Policy 71 - Student Discipline,
<http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>

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 Policy 70 – Student Petitions and Grievances, Section 4,
<http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 – Student Petitions and Grievances (other than regarding a petition) or Policy 71 – Student Discipline if a ground for an appeal can be established. Read Policy 72 - Student Appeals,
<http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>

Academic Integrity website (Arts):

http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html

Academic Integrity Office (UW): <http://uwaterloo.ca/academicintegrity/>

Accommodation for Students with Disabilities:

Note for students with disabilities: The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, 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 OPD at the beginning of each academic term.

Department Grade Revision Policy A grade in any ECON course may not be changed if 12 or more months have elapsed since the grade was awarded.

Deferred Final Economics Exam Normally, a student who has been ill (documentation required) and missed the scheduled final exam MUST petition the Department of Economics Undergraduate Office within 48 hours to write the Departmental Deferred Examination. If the student has failed to write the Departmental Deferred Examination, the student will automatically receive a grade of 0% for the missed deferred final examination. Please download and fill out the **Special Deferred Exam Request Form** and attach the supporting documentation before submitting to the department for approval. Due to illness on the day of the exam (and not that you are unprepared), you are given the deferred privilege. Please be ready to write the deferred exam on short notice.