

ECON 3HH3: INTERNATIONAL TRADE

Term

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COURSE DESCRIPTION

This course provides an introduction to the basis, consequences and policies of international trade and to the multilateral trading system and institutions such as the World Trade Organization. This course develops basic theories of international trade. These theories will help understand the reasons why countries trade goods and services and firms invest abroad; the determinants of trade patterns; and the impact of (gains and losses from) trade on welfare and economic development. The insights of these theories will help as well to address policy issues, such as trade and investment policies. We are interested to answer questions such as: Do countries gain from trade? How much? Are there losers from trade? Why do countries implement protectionist trade policies? What is the role of the WTO? Why do countries sign preferential trade agreements? What are the political forces that shape trade policies?

PREREQUISITES

ECON 2G03, 2Z03 or ECON 2X03 and/or basic calculus

COURSE OBJECTIVES

This course introduces students to basic principles, concepts, and tools to analyze standard international trade theories. After briefly surveying the history of international trade, students will learn international trade models and policies. Students will be required to demonstrate proficiency with these models and policies to explain and analyze current international trade affairs in terms of theoretical models and understanding and application of trade policies in different types of market conditions.

CLASS FORMAT

Weekly lectures and tutorials. Materials that complement covered topics will be distributed via Avenue to Learn.

COURSE MATERIALS AND TEXTS

- Robert C. Feenstra and Alan M. Taylor, "International Trade," McMillan (**FT**)
 - *Note: Cheaper copies may be available on the internet. Also, this textbook is available in electronic format (check out <http://www.coursesmart.com/>). Also, you may use the book "International Economics" by the same authors. (It contains additional chapters on International Macroeconomics). I will refer to the fourth edition, but feel free to use other editions at your own risk (which I believe to be minimal)*
- Other recommended (but not required) texts
 - Krugman, P.R., M. Obstfeld and M.J. Melitz, (ninth edition, 2012) "International Economics, Trade and Policy". Addison-Wesley, ISBN: 978-0-019-214665-4
 - James Markusen et al. as a secondary textbook. Available online at: <http://spot.colorado.edu/~markusen/textbook.html>

AVENUE TO LEARN

All course information and communication will happen over Avenue to Learn. Course outline, information on assignments, tests, and exams, and any important announcements will be posted there. It is your responsibility to check ATL regularly.

Students should be aware that, when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

COURSE EVALUATION – OVERVIEW

There will be two midterm exams and one final exam. Grades will be based on

- Midterm 1 (30%), *July 6, 2022*
- Midterm 2 (30%), *July 20, 2022*
- Final exam (40%), *August 3, 2022*

Note: There is no need to do an MSAF. Missing a midterm implies shifting the weight to the final exam. The exams will be a mix of short questions and analytical questions, as well as numerical problems.

COURSE EVALUATION – DETAILS

The problem sets, the mid-term and attending classes are not compulsory. However, it is strongly advised to hand in the problem sets, do the mid-term, and to attend classes. Make your decisions appropriately: gambling your entire grade in this course on the final exam is very risky. The format of the tests will involve solving models similar to ones discussed in class, including but not limited to: mathematical derivations of key, discussion of the meaning of these relationships, discussion of the positive and negative features of the models that are being developed as well as think about possible improvements, etc. There will be multiple choice questions and/or true/false type questions. You should expect that questions can come from any of the topics covered. All questions will be required and coverage of topics on the test will not be uniform.

TUTORIALS

Any tutorials may be scheduled during the regular lecture times.

COURSE POLICIES

Grades

Grades will be based on the McMaster University grading scale:

MARK	GRADE
90-100	A+
85-90	A
80-84	A-
77-79	B+

MARK	GRADE
73-76	B
70-72	B-
67-69	C+
63-66	C
60-62	C-
57-59	D+
53-56	D
50-52	D-
0-49	F

Grade Adjustment Techniques

I reserve the right to adjust marks upwards in order to standardize the median score. Marks will never be adjusted down for this procedure.

Absences, Missed Work, Illness (MSAF)

Missing a midterm implies shifting the weight to the final exam. Missing the final exam without a valid, documented reason (i.e. doctor's note) implies a grade of zero and a fail. If you miss the final exam for medical or personal reasons, you must submit a Petition for Special Consideration form with supporting documentation of illness, personal or family reasons. The form is available from the Office of the Associate Dean (Studies) of your Faculty. Your petition, along with supporting documentation is normally required within 5 working days of the missed examination.

Calculators

Only university approved calculators will be permitted in tests and the exam.

UNIVERSITY POLICIES

Academic Integrity Statement

You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behavior can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

AUTHENTICITY / PLAGIARISM DETECTION

Some courses may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to

www.mcmaster.ca/academicintegrity.

COURSES WITH AN ON-LINE ELEMENT

Some courses may use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

ONLINE PROCTORING

Some courses may use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

Academic Accommodation of Students with Disabilities

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements. Academic accommodations must be arranged before classes or academic work begins, and for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca. For further information, consult McMaster University's Policy for [Academic Accommodation of Students with Disabilities](#).

Academic Accommodation for Religious, Indigenous and Spiritual Observances

Students who require academic accommodation due to an Observance must submit a RISO form to their Faculty office, electronically or in person, normally within ten working days from the beginning of each term in which they are anticipating a need for Accommodation. For further information, consult McMaster University's [Policy on Academic Accommodation for Religious, Indigenous and Spiritual Observances](#).

Faculty of Social Sciences E-mail Communication Policy

Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student's own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student's responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the "Code"). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

REQUESTS FOR RELIEF FOR MISSED ACADEMIC TERM WORK

McMaster Student Absence Form (MSAF): In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar "Requests for Relief for Missed Academic Term Work".

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

EXTREME CIRCUMSTANCES

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

Course Modification

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.

COURSE SCHEDULE

Part One: Introduction (FT Ch. 01)

Part Two: Patterns of International Trade

- Trade and Technology: The Ricardian Model (FT Ch 02)
- Gains and Losses from Trade in the Specific-Factors Model (FT Ch 03)
- Trade and Resources (FT Ch 04)
- Movement of Labor and Capital Between Countries (FT Ch 05)

Part Three: New Explanations for International Trade

- Increasing Returns to Scale and Imperfect Competition (FT Ch 06)
- Foreign Outsourcing of Goods and Services (FT Ch 07)

Part Four: International Trade Policies

- Import Tariffs and Quotas under Perfect Competition (FT Ch 08)
- Import Tariffs and Quotas under Imperfect Competition (FT Ch 09)
- Export Subsidies in Agriculture and High Technology Industries (FT Ch 10)
- International Agreements: Trade, Labour and the Environment (FT Ch 11)

Part Five: Advanced Topics in International Trade (depending on timing)