Course Syllabus
Econ 355: Introduction to International Trade
Academic Year 2006-2007
Winter Session Term 1

Professor: Matilde Bombardini, Buchanan Tower 1017, 604-822-3866, matildeb@interchange.ubc.ca
Office Hours: Wednesdays, 10:30am-12:00pm

TA: Ning Huang, Buchanan Tower 1099 E ninghuang88@yahoo.com
Office Hours: Tuesdays, 5pm to 6:30pm and Wednesdays, 10:00am to 11:30am.

Lectures

Class hours: Tuesdays and Thursdays, 18:30 – 20:00, Room Buchanan A100
Classes start at 18:30 and end at 19:50.

Textbook:


Purchase note: The 7th Edition of this book came out in July 2005. If you have bought the 6th edition, ISBN # 0-201-77037-7, it is fine. They are both very similar and I will point it out in case there are discrepancies.

Other books:

There are three books that I highly encourage you to read. We will have a class or two designed for discussion and I will expect you to support your arguments with the material we cover in class. These books can greatly help you to create coherent arguments to support your thesis during these class discussions.


Articles:

Instead of a course reader, all class readings (aside from the textbook) will be available on WebCT. These materials will be available through the class web site only to students registered for the class.
Class web site:

The class website is accessible through WebCT: http://www.elearning.ubc.ca/. Students enrolled for the class will be able to access the Econ 355 page. The class website will have multiple uses:
- Syllabus and course outline
- Assignments and solutions
- You can submit your assignments online (drop me a line when you do, because the files are not always uploaded correctly)
- Announcements about time changes, additional office hours, etc.
- Links to readings (I will be posting them as the course progresses, so keep checking back, I will also announce the readings you need to make)
- Discussions board where you can ask questions about problem sets. I will open a discussion thread for each problem set and exam.

Newspaper and magazine articles

I strongly encourage you to follow the debate about trade disputes, the WTO, outsourcing and other trade related topics on the Economist, the New York Times, the Financial Times and the Wall Street Journal.

Class attendance

This is not entirely a by-the-book international trade class, so the textbook does not adequately cover everything we’ll be discussing this term. A sizable section of the class will focus on applications from newspaper articles that I present in class.

Getting help outside of class

If you have questions on the class material or problem sets, there are four ways to get help:

1. Use the class web site.
2. Drop in during TA office hours
3. Drop in during my office hours
4. Ask your question in class if appropriate
5. Ask questions on the Discussions section of the WebCT class website. Do not e-mail us with questions regarding problem sets or material covered in class. You should post your questions on the class website. We will keep it monitored throughout the semester and you should expect a reply within a day. Do not expect us to reply to your 2 am question within two hours though!

Prerequisites for this class

The prerequisites for this class are Econ 101 and Econ 102. It is essential that you have taken these courses. If you have not taken these two classes, but you are an exchange student or a
visiting student and have taken Principles of Microeconomics and Principles of Macroeconomics at a different institution, it is up to you to decide whether your preparation is adequate. If you are uncertain about whether you should take the class or not, come and talk to me after class.

Prerequisites serve the purpose of indicating that a class might not be appropriate for you at a given time. If you have not taken the equivalent of Econ 101 and Econ 102 you will have a difficult time following the material presented in this course.

**Grading**

The class is not graded on a curve per se. It’s possible for everyone to do well and I will reward students who make progress during the term.

**Problem Sets (15%):**

I will assign 5 problem sets.

Problem sets are due before 4pm of the assigned due date. They should be handed in the Economics suite, room 997, Buchanan Tower. **After 4pm of the due date, you will receive no credit for your assignment. There will be no exceptions. Notice that the Economics suite closes at 4pm sharp, so hand in your problem sets well before that time.**

In order to accommodate unanticipated events, illness, or conflicts in your schedule, we will automatically drop one problem set with the lowest score (for example, the one that you don’t hand in). **No other exception will be made.**

**Exams (midterm 40% and a final 40%)**

There will be two exams. One will be given on Tuesday, October 24th, during class hours and will be 80 minutes long. The second exam will be given during the final period. Each exam will only focus on the new material since the last exam, although of course you will need to understand the older material to apply the new material. The exams will be based on the textbook, the problem sets, the assigned readings, and classroom discussion. Performance on exams is highly correlated with performance on problem sets.

If you miss an exam for an excused reason, I will offer a written makeup or an oral exam on the blackboard in my office. I will not write a new exam for only one or two students – so, an oral exam is reasonably likely.

**Class participation (5%)**

You are required to participate in class. I will ask questions in class. Sometimes I will also designate the student who should try to answer and sometimes I will leave the answer to a volunteer. Earning these points requires attending the class. I have good memory and I will eventually learn all your names.

Participation does not mean you always have your hand up or always get the right answer. It means that you engage and contribute. I will also have classes designated for specific discussions, I expect everyone to participate in these classes.
Questions regarding grading

Questions on grading should go first to your TA, Ning Huang. Questions on problem set or exam grades must be received by the TA no later than one week after the problem set or exam has been handed back. After one week, no appeals will be considered.

To have the grading re-considered take the following steps:

(1) Take the material to Ning Huang along with a note describing specifically what you believe the problem to be. (Make a copy of your note and the problem set/exam for your own safekeeping.) Leave the material with Ning along with your email address.

(2) After Ning has contacted you by email, come to his office to discuss the question.

This procedure is designed to help to ensure fair grading by providing us with an opportunity to think about your questions carefully before responding.

Policy on problem sets collaboration

I will allow you to discuss your solutions to the problem sets with your classmates, but in that case the following rules apply:

- The maximum size of a group is 5 people
- Every student in the group must submit his/her own solutions to the problem set
- Every student in the group must write on the first page of the problem set the names of the students he/she worked with
- Collaborating on a problem set does not mean copying the solutions from your classmate. This kind of behavior will not be tolerated.
Schedule

Make a note of the following dates. I might modify the posted/due dates for problem sets, but if I do not let you know otherwise you should refer to this schedule for posting/due dates for problem sets.

Thursday Sep 7th: Problem set 1 posted
Thursday Sep 14th: PS 1 due. PS 2 posted
Thursday Sep 21st: I will be away for a conference. The TA will run a tutorial during class time.
Thursday Sep 28th: PS 2 due
Tuesday Oct 3rd: PS 3 posted
Thursday Oct 19th: PS 3 due

**Tuesday Oct 24th:** MIDTERM in class. Come and talk to me early if this day does not work for you for some justified reason (for example: spreading out midterms more evenly does not represent a justified reason).

Thursday Oct 26th: PS 4 posted
Thursday Nov 9th: PS 4 due
Tuesday Nov 14th: PS 5 posted

**Thursday Nov 16th:** In class Discussion: Advocating Free Trade and Advocating Protection (I will divide the class in two groups: one pro trade and one pro protection.)

Thursday Nov 30th: PS 5 due
Topics covered and reference chapters

1. Introduction to the class.

2. Technological differences: Ricardian Model [KO Chapter 3]

3. Trade and income distribution in the short run: the Specific Factor Model [KO 6th EDITION Chapter 3, will be posted on WebCT]

4. Factor Proportion Theory: Heckscher-Ohlin Model. Trade and income distribution in the long run: who gains and loses from trade. [KO Chapter 4]

5. Standard Trade Model, Growth and Trade, Terms of Trade Effects [KO Chapter 5]

6. Imperfect Competition and Trade. Economies of scale and trade. [KO Chapter 6]

7. The Gravity Model. [KO Chapter 2]

8. Trade policy instruments: tariffs, subsidies, quotas, VERs, anti-dumping duties, countervailing duties, non-tariff barriers. Welfare cost of protection (Case study: Sugar industry in the US). Strategic trade policy. [KO Chapter 8]

9. The case for Free Trade. The case for Protection. [KO Chapter 9, 10 and 11]

10. The WTO: history of the world trading system, the principles of the WTO, Preferential Trade Areas, trade disputes and dispute resolutions. (Case study: the softwood lumber US-Canada dispute) [KO Chapter 9]

11. Trade and the environment

12. Outsourcing and multinationals