Course Syllabus
Econ 455: International Trade
Academic Year 2007-2008
Winter Session Term 1

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Office Hours: Wednesdays, 10:00am- 11:30am

TA: Souvik Datta, Buchanan Tower 1099A
Office Hours: Tuesdays, 3pm – 4pm

Lectures
Class hours: Tuesdays and Thursdays, 18:30 – 20:00, Room Buchanan D217
Classes start at 18:30 and end at 19:50.

Course Content: this course explores theories of international trade, foreign direct investment and outsourcing. We will address the questions of why countries trade, what they trade, how and if they benefit from trade, whether some groups in society can lose from trade. We will also study the various instruments of trade policy (tariffs, quotas, anti-dumping and countervailing duties etc.) and the principles of the WTO. Finally we will explore the link between trade and the environment. We will make extensive use of case studies to illustrate the theories considered in this class.

Econ 455 and Econ 355: you cannot get credit for both Econ 355 and Econ 455, so you have to choose whether to take one or the other.

Main textbook:
Robert C. Feenstra and Alan M. Taylor (henceforth FT) International Economics (Worth Publishers) available at DISCOUNT TEXTBOOKS, 5728 University Boulevard 206, (604) 221-1822 (above MacDonalds in the UBC Village)

IMPORTANT: since I have switched to a new textbook this year, there has been a delay in the delivery, so the book should be available by the end of the first week of classes.

You might find it useful to read the previous textbook if you want more material:

Other books:
There are two books that I highly encourage you to read. We might 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. I will post readings as we progress with the course, so please visit the website frequently.

Class web site:

The class website is accessible through WebCT: [http://www.elearning.ubc.ca/](http://www.elearning.ubc.ca/). Students enrolled for the class will be able to access the Econ 455 page. The class website will have multiple uses:

- Syllabus
- Assignments and solutions
- You can submit your assignments online
- 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. If you cannot attend lectures, I highly recommend taking the class later on.

Getting help outside of class

If you have questions on the class material or problem sets, there are four ways to get help: use the class web site, drop in during TA office hours, drop in during my office hour, ask your question in class and 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 prerequisite for this class is Econ 301. It is essential that you have taken this class. If you have not taken Econ 301, but you are an exchange student or a visiting student and have taken Intermediate Microeconomics (calculus-based microeconomics class) 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 301 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 6 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, I 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 Thursday, October 25th, during regular class time and will be 80 minutes long. The second exam will be given during the final period.
- The final is NOT cumulative (covers material not covered in the midterm) 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.
- **MAKE-UP RULE:** if you miss the midterm for an excused reason, I will offer as a makeup an oral exam on the blackboard in my office.

**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 likely have classes designated for specific
discussions. I expect everyone to participate in these classes.

Questions regarding grading

Questions on problem set or exam grades must be submitted 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 me 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 me along with your email address.

(2) After I have contacted you by email, come to my 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 4 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
• Clearly collaborating on a problem set does not mean copying the solutions from your
  classmate. This kind of behavior will not be tolerated.

Your e-mail

I will make announcements using the e-mail list given to me by UBC. Please check frequently
the e-mail that you have registered with the university.

Schedule

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

Week 3 - Thursday Sep 20\textsuperscript{th}: Problem Set 1 due
Week 5 - Thursday Oct 4\textsuperscript{th}: PS 2 due
Week 7 - Thursday Oct 18th: PS 3 due

**Week 8 - Thursday Oct 25th: IN CLASS MIDTERM.** 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).

Week 9 - Thursday Nov 1st: PS 4 due
Week 10 – Thursday Nov 8th: TA review session
Week 11 Thursday Nov 15th: PS 5 due
Week 13 Thursday Nov 29th: PS 6 due

**Topics covered and reference chapters**

1. Introduction to the class [read FT Chapter 1]
2. Pure exchange model (Review of general equilibrium)
3. Technological differences: Ricardian Model [FT Chapter 2]
4. Trade and income distribution in the short run: the Specific Factor Model [FT Chapter 3]
8. Trade policy with perfect competition: tariffs, subsidies, quotas, VERs, anti-dumping duties, countervailing duties, other non-tariff barriers. Welfare cost of protection. Applications to car industry, sugar and lumber. [FT Chapter 8 and Chapter 10]
9. Trade policy with imperfect competition. Strategic trade policy. [FT Chapter 9]
10. The WTO: history of the world trading system, the principles of the WTO. Preferential Trade Agreements. Trade Creation and Trade Diversion [FT Chapter 11]
11. Trade and growth: is there a link?
12. Trade and the environment
13. Outsourcing and multinationals [FT Chapter 7]