

CARLETON UNIVERSITY, Department of Economics

ECON 3601B – Introduction to International Trade

Winter Term 2013

Instructor: Professor Zhihao Yu

Office: D898 Loeb Building

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Email: zhihao_yu@carleton.ca (Please use the office hours, rather than email, for asking questions related to the course materials)

Lecture Hours: Tuesdays, 8:35 am – 11:25 am in TB 238

Office Hours: Wednesdays, 12:30pm-2:00pm (in Loeb D898)

TA for this course: Kemi Medu (email: kemimedu@cmail.carleton.ca)

Kemi's office hours: TBA (in Loeb D880)

PREREQUISITES:

The prerequisites for this course are ECON 1000 or FYSM 1003. Prerequisites (and preclusions) will be checked and strictly enforced by the Economics Department. Students lacking the necessary requirements will be de-registered. If you believe that you have an equivalent background or a similar course from other university, then you must contact the Department of Economics Undergraduate Advisor.

PRECLUSIONS:

Credit for this course will not be given if taken concurrently with or after ECON 4601 (International Trade Theory and Policy). This course also precludes additional credit for ECON 3600 (Introduction to International Economics).

OBJECTIVES:

In the first part of the course, several important concepts (such as comparative advantage, terms of trade, etc.) will be introduced as well as the classical trade theory. In the second part of the course, the neoclassical framework will be introduced, which is then applied in the Factor Proportions Theory of international trade. The third part of the course is an introduction to some new trade theory and some issues on trade policy.

Weekly In-class Quizzes: There will be a mini quiz each week during the class. I will choose the best five (of your highest marks) as part of your final grade.

Assignments: Class attendance and preview of the course materials are very important. In addition, I will provide **Three Assignments** during the course but only **Assignment #3** will be formally graded.

EVALUATION:

A weighted average of scores for two in-class tests (40% for Test #1 and 45% for Test #2), weekly in-class quizzes (10% in total), and Assignment #3 (5%) will determine each student's grade for this course.

In-class Test schedules:

The first test will be held in class on **Tuesday, February 12**. The second test will be held in class on **Tuesday, March 26**.

Important: There will be NO deferred test during the term (the weight of the first test can be shifted to the second test only if you have a same-day doctor notice specifically saying that you are not fit for writing the test on that day – **there is a form at the Registrar’s Office for the doctor to sign**. In this case, you will have more questions to be tested on the second test/final). Failure to write the in class tests will result in a grade of zero without proper documentation. Failure to write the second test when the student has achieved satisfactory performance during the term will result in a grade of ABS - to be eligible to write the deferred exam you will need to contact the Registrar’s Office (not the instructor). The deferred final examination, to be scheduled by the university, which will **cover all the course materials** [but it will only carry the weight of any missed test(s) that were properly documented].

Plagiarism: Please be aware that plagiarism is serious offence at Carleton and should be recognized and avoided. For further information on how to do so, please see “Pammett on Plagiarism and Paraphrasing” at www.carleton.ca/economics/courses/writing-preliminaries.

ACADEMIC ACCOMMODATIONS:

Students with disabilities requiring academic accommodations in this course should contact a coordinator at the *Paul Menton Centre for Students with Disabilities (PMC)* to complete the necessary *letters of accommodation*. After registering with the PMC, make an appointment to meet and discuss your needs with the instructor at least two weeks prior to the midterm exam. Students missing this dead-line will not be provided with accommodations for the midterm. Please check with University and Faculty regulations for deadlines for submitting completed forms to the PMC for formally scheduled exam accommodations.

REQUIRED TEXTBOOK:

Paul R. Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics: Theory and Policy* (Addison Wesley), 9th edition, 2012

Study Guide: Paul R. Krugman, Maurice Obstfeld, Marc Melitz, *International Economics: Theory and Policy*, 9/E , ISBN-13: 9780138019242

COURSE OUTLINE AND REQUIRED READING:

I: Introduction and Classical Trade Theory

I.1. Introduction

Readings: Chs. 1 & 2 in KOM; Review Math.

I.2. Labour Productivity and Comparative Advantage: The Ricardian Model

Readings: Ch. 3 in KOM;

II: Factor Endowment and Neoclassical Trade Theory

II.1. The Specific Factor Model and Income Distribution

Readings: Ch. 4 in KOM;

II.2. Resource and Trade: The Heckscher-Ohlin Model

Readings: Ch. 5 in KOM;

II.3. Terms of Trade and Gains from Trade

Readings: Ch. 6 in KOM;

II.4. Economies of Scale, Imperfect Competition, and Trade

Readings: Ch. 7 in KOM.

III: Trade Policy

III.1. The Instruments of Trade Policy

Readings: Ch. 9 in KOM;

III.2. The Political Economy of Trade Policy

Readings: Ch. 10 in KOM;

III.3. Trade Policy in Developing Countries

Readings: Ch. 11 in KOM;

III.4. Controversies in Trade Policy

Readings: Ch. 12 in KOM.