

**University of Guelph**  
**College of Management and Economics**  
**Department of Economics and Finance**

ECON\*3620: International Trade

Winter Semester 2012

Instructor: Dr. Patrick Martin  
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Ext. 53537

Office Hours: Monday 3 - 4:30 pm  
Thursday – 10:00-11:30 am

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit:

<http://www.economics.uoguelph.ca/student-responsibilities-policies.asp>

**Course Outline**

**N.B. - In order to sign up for this course you must not have a conflict with the final exam time which is Friday, April 20 8:30-10:30am. If you do have a conflict resolve it if you wish to remain in the course. Do not make any travel plans or appointments that conflict with the final exam.**

**Course Objective:**

The purpose of this course is to provide the student with an understanding of the basic economic concepts underlying the analysis of international trade. Basic modelling skills using analytical techniques will be taught and applied to topics such as tariffs and quotas, trade as a determinant of economic growth, customs unions, industrial policy, trade and the environment, and the pattern and magnitude of trade flows themselves. The analytical framework will be essentially static in nature, with the more complex subject of trade and dynamics being only briefly discussed. I will also expect that students will, at the conclusion of the semester, have a basic knowledge of the composition and volume of trade between Canada and her trading partners. The subject of international finance is covered in ECON\*3860 and not in this course.

I feel that it is important that you be able to articulate your understanding of the concepts presented in class by explaining them in class. Although I have not allocated a portion of the grade in class participation, I will expect that students come to class prepared to discuss the reading assigned for that week.

**Prerequisites:**

The only prerequisite listed in the undergraduate calendar is ECON\*2310 and so the course will be taught at the level of intermediate microeconomics. I will only use calculus on rare occasions when it provides an alternative explanation for those students who have had some calculus (perhaps in ECON\*2770). There will not be any calculus required on the exams or assignments.

We will make extensive use of some of the material covered in ECON\*2310. In particular, the

topics of perfect and monopolistic competition, general equilibrium, comparative and absolute advantage, the analysis of consumer choice using indifference curve and budget set analysis, and consumer and producer surplus, will be used and should be reviewed if necessary.

**Text:**

The required textbook is *International Economics: Theory and Policy, 9th edition*, by Paul Krugman, Maurice Obstfeld, and Marc Melitz. The textbook is bundled with MyEconLab software that provides problems from each of the chapters. You can also purchase an electronic version of the textbook bundled with the MyEconLab software rather than the hardcover textbook at a discount. You may use the 8<sup>th</sup> edition of the text if available, the 9<sup>th</sup> edition has is a substantial revision however, but I and my TA will not support the textbook (you will be responsible for making sure recommended textbook problems, chapter readings, etc. are the same or are different. I will attempt to get a copy of the text put on reserve to help you find what the differences are between the 8<sup>th</sup> edition and the 9<sup>th</sup> edition.)

**Assessment:**

Students will have their performance in the class evaluated using three assignments, a group presentation, two quizzes, a midterm, and a final exam. The assignments will be due several days before the two quizzes and the midterm. Dates will be provided in class. The weights of the coursework will not be changed during the semester.

<b>Homework Assignments</b>	<b>15%</b>
<b>Quiz 1: Friday, February 3 (in class)</b>	<b>8%</b>
---Chapters 2-4	
<b>Midterm Exam: Saturday March 3 (location &amp; time TBA)</b>	<b>25%</b>
---Chapters 2-6	
<b>Quiz 2: Wednesday, March 14 (in class)</b>	<b>8%</b>
---Chapters 7-8	
<b>Presentations March 16 – March 28 in class</b>	<b>8%</b>
<b>Final Exam: Friday, April 20 8:30-10:30am (location TBA)</b>	<b>36%-75%</b>
---Chapters 2-12 – 75% of weight on material since the midterm	

**\*N.B. VERY IMPORTANT – READ THIS**

**You must receive a passing grade (50%) on the courses exams (quizzes, midterm, and final) to pass the course. Your assignments and group presentation mark will only count if you receive a 50% or higher average on all your exams. Your cumulative exam percentage will be your final mark if it is below a 50%.**

**A student that receives a higher mark on their final exam compared to their term work has demonstrated an increased understanding of the course material and will be rewarded as follows. For every 1% above your average term work mark your final exam weight will be increased by 2%. For example, if your term work average going into the final exam is a 60 and you receive a 75 on the final exam, your final exam will be worth 66%. In this case your final mark would be 70 rather than the 65 you would receive if the final exam weight were 36%. The final exam weight will be capped at 75%.**

If the midterm is missed the midterm may be rescheduled for health or compassionate reasons (with documentation) *only if* a suitable arrangement can be made being myself and the student (you should let me as soon as possible if you will be missing, or have missed, the midterm, so that the probability of a suitable arrangement for a make up midterm is increased.) If you cannot take the makeup

exam the weight will be shifted to the final exam (a mark will be entered for the midterm you miss that adjusts for any differences in difficulty between the final and the missed exam. For example, if you receive the class mean on the final you will receive the class mean on the exam you missed. In this way students are not advantaged or disadvantaged when the weight of a missed exam is put on the final. The weights of the midterm and final will not be changed during the semester.

If you miss a quiz 1 the weight goes on midterm 1 and if you miss quiz 2 the weight goes on the final exam – I strongly urge you not to miss a quiz on purpose.

If you do not turn in an assignment you will receive a zero (all three assignments will be posted at least three weeks before they are due so that they should be able to be completed in time). The weight will not be placed on the final, except in cases of illness or another compassionate reason, so it is imperative that you complete them on time. I will only allow assignments to be turned in after due date in exceptional circumstances (a prolonged illness or sudden death in the family for instance - having work in other courses is NOT an exceptional circumstance – I expect that to be the case).

If you do not complete the preparation of the presentation with your group members you will lose the 8% weight attached to the assignment. I expect you to help present the project with your group members unless you are ill.

In addition to the graded assignments your textbook purchase includes access to MyEconLab which is an online testing/study site that you may benefit from. These may be useful in preparing for the graded assignments and examinations. I will not be monitoring or using your performance on MyEconLab work in determining your course mark. **I strongly urge you to work with other students in completing the assignments but make sure that the write up of the assignment is in your own words – be very careful not to copy another students write up of a problem as that would constitute academic misconduct and expose you to the penalties discussed in the undergraduate calendar.**

### **Presentation**

This is the first semester of teaching the course that I plan on having group presentations (3 or 4 students in a group). We will have group presentations starting the Friday of the 10<sup>th</sup> week of classes and hopefully finishing the Wednesday of week 12 (6 class sessions of from 3-4 presentations per class). During the first several weeks of the term I will suggest some topics to study (such as the relationship between trade and growth, trade and inequality, merchandise or natural resource exports and growth, or the relationship between educational levels and the type of exports.) You will be using the World Banks' Development Indicator database (WDI) to collect data, export it to a spreadsheet program, and produce scatter plots with trend lines (linear regression) to assist in the analysis. I will allow students to form groups of 3 to 4 members themselves and assist in forming groups for those individuals that might need assistance doing so. The format for the presentations, deliverables, timing, and evaluation rubric, will be posted early in the semester.

### **Website:**

The course will have a Courselink site. You can sign in to the Courselink page by going to the web address <http://courselink.uoguelph.ca/> and clicking on the login logo. Extensive course notes, old exams, and other material will be placed on the course website.

### **Readings:**

The majority of the readings will be taken from the textbook. We will be reading all of Chapters 1 - 12 (Parts I and II). The second half of the book is concerned with international finance (Parts III and IV) and will not be assigned in this course.

My lectures will closely follow the text and I anticipate that we will complete most of Parts I and II (Chapters 1-10 and perhaps parts of Chapters 11). I will additionally be discussing the relationship

between trade and the environment, trade and economic development, and the two most important trade treaties Canada has signed, the FTA and NAFTA, and discuss their impact on the Canadian economy. The lectures should be self contained but I may put additional readings on reserve or links to web based readings when we cover material not in the text. I will also bring in, from time to time, international trade statistics so that you have some idea of trade flows and their composition from selected countries. I will also discuss, in more detail than in the textbook, international organizations such as the World Trade Organization (WTO), the World Bank, and the International Monetary Fund (IMF) and their role in international trade.

**Contact Information:**

If you have a general economics question please post it in the discussion section of Courselink site which will be monitored by the teaching assistant for the course. Hopefully either a fellow student or either myself or the TA will answer you in a reasonable period of time. For any course administrative matters, please email me (email below). Please look at your course notes, course outline, or course webpages before emailing to make sure your question hasn't been answered already elsewhere.

My preference if you need to talk with me is that you do so before or after class or during scheduled office hours. If you cannot make my office hours I will try to find time during the week to see you. If I am in my office and you drop by with a question I will usually be able to answer short questions. My email address is **pmartin@uoguelph.ca**. I would ask that you communicate with me via email *only* concerning course administrative matters that **HAVE NOT ALREADY BEEN ANSWERED DURING THE LECTURE** (e.g. Use email to let me know you have missed an exam due to illness, you are having difficulties accessing information on the course homepage, or pointing out problems or errors on the course homepage – answer keys for example). Answering substantive economic questions using email where mathematics or figures may be needed is extremely tedious so keep this in mind when emailing economic questions to the Courselink discussion site or to me. The TA's and myself can be much more helpful if you see us in person or give us a call about economic questions. The TA will have office hours for roughly one hour a week (TBA) (and more during the week of exams.)

**CourseEvaluation:**

You will be asked to complete an evaluation of this course at some time during the last two weeks of the semester. The Department of Economics policy regarding the conduct and use of these evaluations will be found at:

<http://www.economics.uoguelph/course-evaluation.asp>