



**University  
of Victoria**

## **Course Outline**

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**Department of Economics**

### **ECONOMICS 405A International Trade Theory Spring 2025**

**Instructor:** Dr. Lijun Zhang  
**E-Mail:** [ljzhang@uvic.ca](mailto:ljzhang@uvic.ca)

**Office:** BEC 332  
**Tel:** 721- 6483

#### **Calendar Description**

The study of international trade theory and policy with an emphasis on general equilibrium analysis. Topics include the factor proportions theory of trade, technological determinants of trade, the theory of tariffs and trade policy, models of strategic interaction between countries.

#### **Course Description**

This course is designed for the students who have a strong background in economics (and good analytical skills), especially microeconomics, and who are interested in applying the skill sets to discussions in international trade and globalization.

The first block of the course is focused on theoretical trade models: if countries were allowed to trade freely, what would happen? Specifically, why countries trade with each other, how do countries produce and trade; and what are the consequences of trade. The course will spend around 60% of the classes discussing theoretical models and empirical evidence. We may also discuss some extensions from these trade models, such as skill-biased technological advancement, immigration and outsourcing/offshoring. (if time allows.)

The second block is focused on trade policies. We will introduce various trade policy tools and study their impact on the market. In addition, we will discuss the political economy of trade policies.

After taking this course, students are expected to

- Master the basic knowledge of various theoretical trade models, including the explanations from each model on the basis of trade, the pattern in trade and the welfare implications of trade.
- Gain knowledge on the basic facts in international trade.
- Gain experience in conducting research, thinking critically and forming independent opinions based on knowledge and facts.

## **Class Information**

**Class time:** T, W & F 1:30- 2:20 pm, CLE A317.

**Office Hour:** W 3:45-4:15pm on Zoom (starting on January 15) or by appointment. Please find the details, including the Zoom link, on Brightspace.

## **Texts/Materials**

**Textbook:** There is no required textbook for this course. The lecture materials come from several major sources, including the following two textbooks. Please find the links to e-textbook on Brightspace.

- International Trade, by Feenstra & Taylor, 5<sup>th</sup> edition, Macmillan Learning. (FT)
- International Economics: Theory and Policy, by Krugman, Obstfeld and Melitz, 12<sup>th</sup> edition (earlier editions are acceptable,) Pearson. (KOM)

Please note: If you decide to purchase any textbook, you only need to buy one of them. You are encouraged to team up with other students to share textbooks. There are a few copies of some old edition of the second book in the library (some will be reserved course materials.) Please check.

## **(Tentative) Lecture Outline**

Topics	Main	Other References
• Introduction	FT Ch 1; KOM Ch 1	
• Gravity Model	KOM Ch 1	FT Ch6
• Ricardian Model	Ch 4.1 in <i>200 Years of Ricardian Trade Theory</i> (Link available in Brightspace)	FT Ch2; KOM Ch 2
• Specific-Factors Model	FT Ch 3	KOM Ch4
• Heckscher-Ohlin Model	FT Ch 4	KOM Ch5
• Movement of Labour (and Capital, if time allows)	FT Ch 5	KOM Ch4-5
• External Economies of Scale (if time allows)	KOM Ch7	
• Internal Economies of Scale	KOM Ch8	FT Ch6
• Tariffs and Quotas Under Perfect Competition	FT Ch8	KOM Ch9
• Tariffs and Quotas Under Imperfect Competition (if time allows)	FT Ch9	KOM Ch9
• Political Economy of Trade Policy	KOM Ch10	

## **Grading Scheme**

	Scheme A	Scheme B
Participation	30%	NA
iClicker	15%	NA
Problem Sets & Quizzes	15%	NA
Short Presentation	10%	10%
Midterm	27%	40%
Final Exam	33%	50%

Your course grade is the higher one of the results of Scheme A and B at the end of the semester.

Starting in May 2014, **percentage grades are required to be submitted**. The percentage grade, the corresponding letter grade and comparative grading information will be displayed on your official and administrative transcripts. This course uses the standard Department of Economics numerical score/letter grade equivalency:

90 ≤	A+	77 ≤	B+	< 79	65 ≤	C+	< 69	
85 ≤	A	< 90	73 ≤	B	< 76	60 ≤	C	< 64
80 ≤	A-	< 85	70 ≤	B-	< 72	50 ≤	D	< 59
						F	< 50	

Please read the description of every grade level in the [academic calendar](#). “An A+, A, or A- is earned by work which is technically superior, shows mastery of the subject matter, and in the case of an A+ offers original insight and/or goes beyond course expectations. Normally achieved by a minority of students.”

**Midterm exam** is scheduled as a two-part exam during the regular lecture time on February 25 (at BEC 160) & 26 (at the regular classroom). If you miss the midterm, you must promptly contact me, provide a reasonable explanation, and write a make- up exam. You will be asked to write the make-up exam in a session organized by the department. (Therefore, if you miss one, there may not be another chance.) Please note that you must write your make-up exam no later than March 21.

**Final exam** is scheduled by the university. It is cumulative. If you miss the final exam, you must apply to Academic Concession (<https://www.uvic.ca/registrar/students/appeals/acad-concession/index.php>), and you will write the deferred exam in the upcoming term.

**You must write both the midterm and the final exam to complete the course.**

Centre for Accessible Learning (CAL): Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, you are free to approach me; however, you must register with the [Centre for Accessible Learning \(CAL\)](#) for formal arrangements to be made. The CAL staff are available by appointment to assess specific needs, provide referrals and arrange appropriate accommodations. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.

**Short Presentation.** Every student will be assigned a peer-reviewed journal article and do a two-minute short presentation to introduce the article to the class. The presentations are tentatively scheduled on April 1 & 2. You are encouraged to use AI tools to help you during the process, and you will earn an extra 3% to the course grade if you complete a survey explaining your use of the AI tool(s). Please see the details on Brightspace.

**Problem Sets & Quizzes.** Trying questions and keep practicing is essential to a good understanding of the materials. Problem sets will be posted online. You can use it to review the materials learnt in class and to prepare for the exams. You are expected to submit your attempt at Brightspace, even though no one will mark if you have answered all questions correctly. A brief answer key will become available after your submission. Please check the answer key by yourself and raise any questions you have after class or during office hour.

I have made extra questions based on the problem sets and put them in the quizzes for you to try. A quiz will become available to you once you submit your attempt of the corresponding problem set. Quizzes are marked. Your score of the assignments, is calculated as follows:

$$\text{Quiz Score} = (\text{Total points earned in the term}) / (\text{Total possible points in the term} \times 80\%)$$

However, you will not be able to get more than the full mark for assignments, even if you have answered more than 80% questions correctly.

In addition, I will check the submission of problem sets randomly. If you are caught submitting a problem set without making decent effort, your quiz score for the term will be deducted 4% every time you are caught. (For example, if according to the above calculation, your quiz score should be 9%, when you are caught once, the score will be  $9\% - 4\% = 5\%$ .) I'd consider decent effort as trying every question and writing out necessary steps. You are welcome to discuss any questions you have, but you cannot leave any question blank.

**iClicker.** It is not easy to keep focused on the lecture when we meet in a classroom, and it is much harder to do so when you skip the lectures. More importantly, it is extremely challenging for me to continue talking without getting any feedback. To facilitate our discussion, we will have iClicker questions in our lectures. You will need to subscribe to the iClicker app or buy the device.

Your score of participation, which count 10% in total in Scheme A, is calculated as follows:

$$\text{Participation Score} = (\text{Number of questions answered correctly in the term}) / (\text{Total number of questions in the term} \times 60\%)$$

You will not be able to get more than the full mark, even if you answered more than 60% of the questions correctly.

**Participation in Scheme A.** The purpose of offering participation marks is to encourage you to attend the live lectures, offer feedback to facilitate the class discussion and keep up learning activities with the rest of the class. Therefore, you cannot expect to be rewarded if, for whatever reason, you are unable to participate. Missing a few lectures or quizzes will not affect your grade (significantly.) Instead, it is essential to do all of them consistently.

### **Technologies**

All students are expected to be fully functional with Brightspace, Zoom and Microsoft 365, which includes Teams, PowerPoint and Excel. Please check the tech-guide for the key functions we use in this course.

### **Policies**

This course operates within the Undergraduate Course Policies of the Department of Economics. The complete copy can be obtained from the department website [Click for details](#). Please also make sure to review [Student Code of Conduct](#). The following is some elaboration of these policies.

#### **Classroom Etiquette**

Show your respect. Do not create negative externality.

#### **Language**

English is the instruction language at the University. Your enrollment implies that you can function with it. All communications between you and the classmates (in class), the instructor and the teaching assistant should be in English. You should make sure that all written work is complete and understandable. Dictionaries are not allowed in examinations.

#### **Email**

- You may contact me with email [ljzhang@uvic.ca](mailto:ljzhang@uvic.ca). Please include your full name (the name in university records preferred) and course number in your email. Without such information, it is sometimes hard for me to understand the nature of your questions. Please write in a formal letter format and avoid inappropriate nicknames, email ids and signatures. Text message lingo should not be used.
- You should contact me by email primarily on matters that relate to your personal participation, e.g., you have a medical condition that prevents you from attending an exam. It is the best to raise questions towards the course materials during lectures and office hours. You may ask simple short questions via email. However, I may answer directly, or I may reply telling you that I will cover that in class, or it is best to explain the question in person.

#### **Academic Integrity**

Academic integrity requires commitment to the values of honesty, trust, fairness, respect, and responsibility. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. A student who is found to have engaged in unethical academic behaviour, including the practices described in the [Policy on Academic Integrity in the University Calendar](#), is subject to penalty by the University.

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### **Student Experience of Learning Survey (SEL)**

I value your feedback on this course. Towards the end of term you will have the opportunity to complete a confidential course experience survey (SEL) regarding your learning experience. The survey is vital to providing feedback to me regarding the course and my teaching, as well as to help the department improve the overall program for students in the future. When it is time for you to complete the survey, you will receive an email inviting you to do so. If you do not receive an email invitation, you can go directly to your [SEL dashboard](#). You will need to use your UVic NetLink ID to access the survey, which can be done on your laptop, tablet or mobile device. I will remind you nearer the time but please be thinking about this important activity, especially the following three questions, during the course.

- What strengths did your instructor demonstrate that helped you learn in this course
- Please provide specific suggestions as to how the instructor could have helped you learn more effectively
- Please provide specific suggestions as to how this course could be improved.