



**University
of Victoria**

Course Outline

Department of Economics

**ECONOMICS 405A
International Trade Theory
Fall, 2022**

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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 will also discuss some extensions from these trade models, such as 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 primary research, thinking critically and forming independent opinions based on knowledge and facts.

Class Information

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

Office Hour: M&W 2:30-3:00 (starting Sept. 12) or by appointment. Please find the Zoom link at Brightspace.

Please note that I will record the lectures and post them on Brightspace. However, the recordings are only for students who, unfortunately, miss a few lectures for various reasons and would prefer listening to the lectures. I will only focus on teaching inside the classroom and will not make further edits to the raw recordings. Please note that this is an “in-person” course, and I expect you to show up in class. Any lecture recording will only be available for 48 hours, and anyone who misses a lecture is expected to catch up in time.

Texts/Materials

Textbook: There is no required textbook for this course. The lecture materials come from several major sources, including the following two textbooks.

- International Trade, by Feenstra & Taylor, 5th edition, Macmillan Learning. (FT) [Click to Purchase e-book](#)
- International Economics: Theory and Policy, by Krugman, Obstfeld and Melitz, 11th edition (earlier editions are acceptable,) Pearson. (KOM) [Click to Purchase e-book](#)

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	FT Ch9	KOM Ch9
• Political Economy of Trade Policy	KOM Ch10	

Grading Scheme

	Scheme A	Scheme B
Participation	20%	NA
iClicker	10%	NA
Problem Sets & Quizzes	10%	NA
Team Data Assignment	10%	10%
Critique/Comment Essay	12%	12%
Midterm (possible bonus)	23%	33%
Final Exam	35%	45%

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 on Oct. 18 (at a computer lab) & 19. 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 (so if you miss one, there may not be another chance.) Please note that you must write your make-up exam no later than Nov. 18.

In addition, I will offer an opportunity to earn an extra 3% to your course grade if you pick up your midterm exam and submit a complete detailed written answer key to every question by Dec. 5. You will need to explain every MC question and rewrite all short-answer questions and calculation questions with necessary steps. And the answer key must be at least 90% correct.

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 make-up exam in the upcoming term.

Please note that all exams are in-person exams that will be written on campus unless the entire university changes back to online delivery. **You must write both the midterm and the final exam to complete the course.**

Centre for Accessible Learning. Please email me at least 48 hours before the start of an exam to confirm that you are registered with CAL and you are allowed to have extended time. You should expect my confirmation and special instructions when I reply to your email.

Critique/Comment Short Essay. This project is designed to showcase the ability of independent critical thinking of a student. The essay will be due at 11:59pm on **December 5**. Each student needs to find a newspaper article (or journal article) on trade/globalization related issues from a reading list, summarize the article and comment on the article. Please see the detailed description in BrightSpace.

Group Data Project is designed to allow you to collaborate, practice primary research skills, and gain knowledge on trade data and the facts on international trade by Canada. You will complete the project in a team of 2-3 people. Your grade is based on both your contribution to the project and the team's performance.

You will follow the instructions, collect data on Canadian import/export from <http://comtrade.un.org/> and other related facts, and illustrate the patterns in trade data. Projects must be submitted online by 11:59pm on **November 18**. Please see the detailed description in BrightSpace.

Problem Sets & Quizzes. Trying questions and keep practising 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 that deal with the following issues.

- Academic integrity (plagiarism and cheating)
- Attendance
- Grading
- Academic concessions
- Travel plans
- Students with a disability
- Policy on inclusivity and diversity

The complete copy can be obtained from [here](#).

The following is some elaboration of these policies.

Academic Integrity

- Please browse the definition of [plagiarism](#).

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 by email at ljzhang@uvic.ca. Please include your legal name (the name in university records) and the course title in the subject of your email. Without such information, it is sometimes hard for the instructor to understand the nature of your questions. Please avoid inappropriate nicknames, email ids and signatures.
- You should contact me by email primarily on matters related to your participation, e.g. you have a medical condition that prevents you from attending an exam. It is best to raise questions about the course materials in class or in-person during 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.

Course Experience Survey (CES)

I value your feedback, which I rely on to build the course and make it better. I'd appreciate it if you can share your experience and your suggestions with me any time during the term.

Towards the end of term you will have the opportunity to complete a confidential course experience survey (CES) 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 CES 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.

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