



St. Francis Xavier University

Department of Economics

ECON 365: International Trade

Instructor: Zeynep Ozkok

Fall 2021

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Classes: Tuesday 12:45 – 2:00 pm and Thursday 11:15 – 12:30 pm

Office Hours: Wednesday 2:30 pm – 3:30 pm and Thursday 3:30 – 4:30 pm.

Description

This is the first of two half-courses on international economics. This course focuses on the theory of international trade and its policy implications. The main topics covered are patterns of trade and specialization (from the classical models; Ricardo and Heckscher-Ohlin; to the more recent models of monopolistic competition); gains from trade; terms of trade; effects of international trade on income distribution and growth and economic development; economic geography and regional specialization; commercial policy and economic integration; trade policies; and WTO and trade agreements.

Objectives and Learning Outcomes

The course has three main objectives:

- (1) To understand the determinants of trade in goods, services and capital among countries along with the policies used to influence such trade.
- (2) To explore the theory and practice of international trade and acknowledge the problems regarding trade policies among countries.
- (3) To prepare students for further study of international economics, and provide a thorough understanding of economic relations across countries.

Prerequisites

ECON 201.

Textbook

Krugman, Obstfeld and Melitz, *International Trade: Theory and Policy* (11th edition). You can also use Krugman, Obstfeld and Melitz, *International Economics: Theory and Policy* (11th edition). You can also use older editions.

Evaluation

The course grade is based on problem sets, a midterm and a final exam as follows:

- Assignments (3): 30%
- Midterm: 30%
- Final exam: 40%

The mid-term exam is scheduled for **October 19**. **No make-up mid-term exams** will be offered. Should a student miss a mid-term for a medical reason, the weight of the mid-term will be added to the final exam. Students may drop a course, online in Banner, on or before the relevant deadline. The drop date is November 3, 2021 for first-term, three-credit courses. The final exam, to be scheduled by the examinations office in December 2021, will be cumulative.

Three assignments will be handed out during the course. They will consist of questions on trade theory and short essays in applied topics covered in class. Students will be given a week to complete the assignments. The assignments will then be graded and handed back within a week. Answer keys for the assignments will be posted on Moodle.

I will also be posting additional readings on Moodle to accompany the topics that we will be covering in class. I encourage you to follow current international economic issues by reading major newspapers (i.e. The Wall Street Journal, The New York Times, Financial Times, Globe and Mail) or magazines (i.e. The Economist, Time). We will be discussing the relevant economic news in class as well.

The office hours for this term will be conducted online, on Blackboard Collaborate. The links for the virtual office hours will be posted on Moodle. Please allow for 5 to 10 minutes for everyone to get on Blackboard Collaborate. Aside from the online office hours, you can also send me questions via email.

Please note that this in-person course will switch to online delivery if circumstances related to Covid-19 require it in the Fall term. Also, note that the materials in this course are designed for use in Econ 365 at StFX University and are the property of the instructor. Copying this material for distribution, online posting, or selling of this material to third parties for distribution without permission is subject to Canadian Copyright Law and is strictly prohibited. Copying this material for distribution (e.g. uploading material to a commercial third-party website) may lead to a charge of misconduct under StFX's Community Code of Conduct and the Senate Policy on Academic Integrity. For more information, please visit the StFX copyright guide: <http://www2.mystfx.ca/library/campus-copyright>

Course Outline

Part I: Economics of International Trade

	Chapter(s)
1. Introduction and Overview	1, 2
2. Trade and Comparative Advantage (The Ricardian Model)	3
3. Trade and Resources (The Heckscher-Ohlin Model)	4, 5
4. Trade and Economies of Scale	6, 7
5. Firms in the Global Economy	8

Part II: Policy Issues in International Trade

1. The Instruments of Trade Policy	9
2. The Political Economy of Trade Policy	10
3. Trade Policy in Developing Countries (<i>If time permits</i>)	11
4. Controversies in Trade Policy (<i>If time permits</i>)	12

Important Dates

September 30: National Day for Truth and Reconciliation (University is closed)

October 1: December exam schedule available

October 11: Thanksgiving Day (No classes)

October 19: Midterm

October 27: Fall term midterm grades available on Banner

November 3: Last day to drop first-term three-credit courses

November 8-14: Fall Study Break

November 15: Classes resume after the study break

December 7: Last day of classes for first term

December 22: Fall term final grades available on Banner