

Economics 619 (L01) International Trade I

Instructor: M. Scott Taylor
Phone: 403-220-8912
Email: mstaylor@ucalgary.ca

Lecture Location: SS 423
Lecture Days/Time: TR 8:00-9:15

Office: SS 428
Office Hours: TR 16:00-17:00

Fall 2019

Course Description:

This course is part of a two-course graduate sequence in international trade. Research in the field of international economics emphasizes both theoretical work and empirical analysis. This course is the first course and is designed to be primarily a survey course suitable for Masters students with an interest but no background in the field, and a base course for PhD students who are thinking of making international a major field.

My job in this course is to prepare PhD students for future research work by providing a broad background in trade theory more generally, while at the same time giving MA students a good grounding in basic international economics. To do that, I will discuss in detail four or five seminal articles that started important literatures in international economics. These articles have been chosen to fit the topics the course will cover. At present, these topics and the papers we will discuss in detail are the following:

1. Intellectual Property Rights and Trade (using: A Model of Innovation, Technology Transfer, and the World Distribution of Income, Paul Krugman, *Journal of Political Economy*, Vol. 87, No. 2 (Apr., 1979), pp. 253-266.)
2. Special Interests, Trade Policy and the CDN dairy industry (using Protection for Sale, Gene M. Grossman and Elhanan Helpman, *The American Economic Review*, Vol. 84, No. 4 (Sep., 1994), pp. 833-850)
3. Immigration, factor flows, and rising wage inequality (using: The China Shock: Learning from Labor Market Adjustment to Large Changes in Trade, *Annual Review of Economics*, Vol. 8, 205-240, 2016, David Autor, David Dorn, and Gordon H. Hanson.
4. Trade wars and Trade talks (using: Size, Sunk Costs, and Judge Bowker's Objection to Free Trade, John McLaren, *The American Economic Review*, Vol. 87, No. 3 (Jun., 1997), pp. 400-420).
5. Why Economists and Environmentalists disagree: trade vs the environment (using Buffalo Hunt: International Trade and the Virtual Extinction of the North American Bison, M. Scott Taylor, *The American Economic Review*, Vol. 101, No. 7 (DECEMBER 2011), pp. 3162-3195)

In addition, in the last week (or more depending on enrollment) of the class, students will be expected to present their own 30-45-minute critique and analysis of a new research paper in the field of international economics. The students can choose, with the advice and consent of the instructor, any of the papers recently presented in the NBER International Trade and Investment Summer Institute workshop as listed here: <http://papers.nber.org/sched/SI19IT/>.

Throughout the course, we will be asking and trying to answer four questions. First, why do nations trade with each other? Second, why do nations interfere in trade with tariffs and other policy tools? Third, what are the implications of trading opportunities for income inequality and labor market outcomes. Finally, how does international trade affect environmental outcomes? The extent to which we get to answer the last question depends on the progress in the term with the others.

Course Outcomes:

The course objectives are for students to develop an understanding of what drives trade flows worldwide; to understand the set of simple general equilibrium models economists use to make sense of these flows; and to understand how trade policy interventions affect national as well as individual welfare. In addition, students will learn how to critically assess a research paper and present their critique to the class.

Prerequisites/corequisites:

Admission to the Master of Arts Economics program. No previous courses in international economics are required.

Recommended Textbook(s):

For reference you may be interested in: Robert C. Feenstra (2004) *Advanced International Trade: Theory and Evidence* (Princeton University Press). For an interesting undergraduate introduction to trade theory and policy issues see: John McLaren (2013) *International Trade* (Wiley).

I will be using and referring to journal articles throughout the course, but the recommended textbooks may be useful as a resource for much of the material. They are however very expensive, so you may seek other options than direct purchase. For example, the basic workings of many general equilibrium models is available in the textbook, but also elsewhere on the web. All of the research articles will be provided to you and available on D2L. If you are a PhD student then you should consider buying the textbook; if you are an MA student you will be able to get along without it.

I am primarily an applied theorist and the lectures will reflect that bias (limitation). There will be a strong emphasis on analytic work, general equilibrium modelling, and comparative static analysis. You will either learn or reinforce much of your micro theory in this course. Empirical evidence will be discussed but primarily in relation to how key facts and features of international trade led to a rethinking of the determinants of trade flows. Despite the course title (which changes often with the instructor), this course should not be thought of as an empirical course.

Desire2Learn:

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Grade Determination and Final Examination Details:

There will be two in class midterms each worth 35% each, followed by a take home last midterm in the last week of classes in December.

| | |
|----------------------------|------|
| 2 MIDTERM EXAMS | 70% |
| TAKE HOME FINAL MIDTERM | 30% |
| | 100% |

The two in class midterms will be given on Thursday October 3rd, and Thursday November 7th. The take home exam will be given out the first lecture of the last week of classes, and due the last day of classes in December.

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

Non-programmable calculators **WILL** be allowed during the writing of tests or final examinations.

Tests and exams **WILL NOT** involve multiple choice questions.

Absence from a Test/Exam

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES under any circumstances, nor may the quizzes be written early. Students unable to write the quizzes because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned. If a student cannot write their final exam on the date assigned by the Department, they need to arrange for a deferred exam with the department.

Reappraisal of Grades and Intellectual Honesty:

For reappraisal of graded term work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For reappraisal of final grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

Statement of Intellectual Dishonesty, see Calendar K.4

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

Plagiarism and Other Academic Misconduct, see Calendar K.5

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

Academic Accommodations:

The student accommodation policy can be found at: ucalgary.ca/access/accommodations/policy.

Students needing an accommodation because of a disability or medical condition should communicate this need to Student Accessibility Services in accordance with the Procedure for Accommodations for Students with Disabilities ucalgary.ca/policies/files/policies/student-accommodation-policy.

Students needing an Accommodation based on a Protected Ground other than disability should communicate this need, preferably in writing, to the course instructor.

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf> and http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf. Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

Student Organizations:

Faculty of Grad Studies website: <http://grad.ucalgary.ca/home>

Graduate Students Association: <http://gsa.ucalgary.ca/>

Professional Development for Grad Students

Workshops and resources can be found at <http://www.ucalgary.ca/mygradskills/>

Economics Graduate Association: <http://econ.ucalgary.ca/ega/>

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.

MST

2018-07-24