



## St. Francis Xavier University

Department of Economics

ECON 365: International Trade

Instructor: Zeynep Ozkok

Fall 2024

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**Classes:** Tuesday 4:00 – 5:15 pm and Thursday 2:30 – 3:45 pm

**Office Hours:** Monday 11:30 am – 12:30 pm and Thursday 1:00 – 2:00 pm.

### Description

This is the first of two-course sequence 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, economic growth and 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 Economics: Theory and Policy* (12<sup>th</sup> edition). We use this same textbook for Econ 366: International Finance. You can also use Krugman, Obstfeld and Melitz, *International Economics: Theory and Policy Global Edition* (12<sup>th</sup> edition). You can also use older editions.

## Evaluation

The course grade is based on three assignments, a midterm and a final exam as follows:

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

Please note that this in-person course will switch to online delivery if circumstances related to Covid-19 require it in the Fall term.

Students are expected to attend all lectures. The midterm exam is scheduled for **October 24**. **No make-up midterm exams** will be offered. Should a student miss a midterm for a medical reason, the weight of the midterm will be added to the final exam.

Students may drop a course, online on Banner, on or before **October 30** for first-term, three-credit courses. Note that the permission to drop or change a course after the course drop/change deadline can only be granted by the Dean's office.

The final exam, to be scheduled by the registrar's office in December 2024, will be cumulative.

Three assignments will be given throughout the term. 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. Assignments should be handed in during the start of the lecture in which they are due. Late assignments will not be accepted and will receive a mark of zero. The solutions 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.

## Office hours

The office hours for this term will be conducted online on Blackboard Collaborate. The link for the online 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 and you can request an in-person meeting.

## Artificial Intelligence Aids

This course **does NOT** permit any artificial intelligence aids. It is important that students do not use AI aids in completion of assignments. The midterm and the final exam **will not** permit the use of any aids.

## Statement on Electronic Devices

***During Exams:*** Unless students have medical accommodations that require them to do so, or explicit permission from the instructor of the course, they **may not** use any of the following electronic devices during **the midterm and the final exam**: cellphones, smart phones, smart watches, smart glasses, audio players or recorders of any sort, video cameras, video games, DVD players, televisions, laptop/notebook/netbook computers, flashlights or laser pointers.

***During Lectures and Tutorials:*** In this course, students may use their computers for learning purposes. Students should refrain from engaging in any activities that may distract other students from learning. Unless explicitly noted otherwise, students **should not** make audio or video recordings of lectures and **should not** edit, re-use, distribute, or re-broadcast any of the material posted to the course website.

## Policy on Academic Integrity

Students should ensure that they are aware of the policy on Academic Integrity. For more information about policies and recent changes, please visit the StFX Academic integrity website: <https://www.stfx.ca/applications-admissions/registrars-office/academic-integrity>

## Copyright policies

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## Course Outline

<b><i>Part I: Economics of International Trade</i></b>	<b><i>Chapter(s)</i></b>
1. Introduction and Overview	1, 2
2. Labour Productivity and Comparative Advantage (The Ricardian Model)	3
3. Trade and Resources (Specific Factors and Income Distribution, The Heckscher-Ohlin Model)	4, 5
4. Trade and Economies of Scale	6, 7
5. Firms in the Global Economy	8
<b><i>Part II: Policy Issues in International Trade</i></b>	
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 27:** December exam schedule available

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

**October 14:** Thanksgiving Day (No classes)

**October 14 - 20:** Fall Study Break

**October 21:** Classes resume after the study break

**October 24:** Midterm

**October 30:** Last day to drop first-term three-credit courses

**November 11:** Remembrance Day (No classes)

**December 3:** Feast day of St. Francis Xavier (No classes)

**December 6:** Last day of classes for first term

**December 20:** Fall term final grades available on Banner