

**THE UNIVERSITY OF PRINCE EDWARD ISLAND
DEPARTMENT OF ECONOMICS
ISLAND STUDIES 616 : INTERNATIONAL TRADE
FALL 2012**

Course Instructor: George Jia
Class Room and Time: MB211; T, TH 1:00-2:15PM
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Office Hour: T 11:30-12:30pm W 1:00-2:00pm

General Information

This course is an overview on the field of international trade. We will examine the benchmark models of economic trade: Ricardian, Specific Factor, Heckscher-Ohlin and Monopolistic Competition. We will also investigate how well these models do in explaining the observed patterns of trade. We will also cover recent developments in both international trade. As well, we will use the framework provided by these models to analyze policy issues such as tariffs, trade agreements and international factor movements.

An objective of this course is to further your ability to apply your knowledge of economics (particularly international trade theory) to analyze economic questions. Additionally, the course is intended to encourage you to develop the ability to clearly and concisely communicate your analysis to others.

Required Text and Outline

The required text for this course is: *International Trade*, 2nd Canadian edition, . Topics covered will somewhat follow the above text¹:

1. Introduction
 - Trade in the Global Economy [Ch 1]
2. Facts and Models of International Trade
 - Trade and Technology: The Ricardian Model [Ch 2]
 - Gains and Losses from Trade in the Specific-Factors Model [Ch 3]
 - Trade and Resources: The Heckscher-Ohlin Model [Ch 4]
 - Movement of Labor and Capital between Countries [Ch 5]
 - Increasing Returns to Scale and Monopolistic Competition [Ch 6]
 - Foreign Offshoring of Goods and Services [Ch 7]

¹This is a tentative outline and content may be adjusted based on time constraints. Some material covered in class will not appear in the text, but may still appear on exams.

3. Trade Policy

- Import Tariffs and Quotas under Perfect Competition [Ch 8]
- Import Tariffs and Quotas under Imperfect Competition [Ch 9]
- Export Subsidies in Agriculture and High-Technology Industries [Ch 10]
- International Agreements: Trade, Labor, and the Environment [Ch 11]

Course Evaluation

There will be 3 homework assignments, one research paper, one midterm exam and one final exam. You are responsible for all material covered in the lecture, as well as the material in the assigned chapters of the text. You are strongly encouraged to read the assigned chapters in the textbook prior to the lecture at which it is to be discussed.

	tentative date and time	weight
Assignment 1	Tu, Oct 2th	5%
Assignment 2	Tu, Oct 23rd	5%
Midterm	Th, Oct 25th	20%
Assignment 3	Nov 19th	5%
Final	December	30%

The midterm exam will be 75 mins long. The final exam will be 2 hours long. All the tests are cumulative (with emphasis on the material covered since the last examination). There will be no make-up midterm test. In case a student misses the midterm due to sickness or other acceptable excuse the student must present an official document justifying the absence and the weight of that test will be added to assignments and the final exam. In case of lack of justification for the absence a grade of zero will be attributed.

Assignments: Assignments are due in class at the end of the lecture on the due date. No late assignments will be accepted. If you are unable to attend class on a day when an assignment is due, you should make arrangements to submit the homework prior to the due date. Exceptions will be made to this rule only if you can provide documentation of unusual circumstances (i.e. illness) which prevented you from submitting the assignment on time. In such a case, you should contact your instructor within 2 working days of the due date to make alternative arrangements.

Each student is expected to do his or her own work on assignments. Although you are encouraged to discuss the problems and their solutions with classmates, you must write up your answers independently. This means that you must type your own version of the assignments. Students who hand in identical homework will receive a grade of zero on the assignment.

Exams: The midterm and final exams will primarily consist of short answer problems. Please note that calculators, class notes, textbooks, friends or any outside aids are not allowed during the writing of the exams. Use of any of these sources will be treated as an academic dishonesty: and reported to the Department Chair. The instructor will recommend a grade of zero on the midterm, but the penalty could be higher. All materials (other than pens, pencils and erasers) which you bring with you to the exam must be stored in a closed bag during the midterm exam. If you do not have a bag to put these materials in, then you must leave these materials at the front of the room while you write the exam.

The final exam will be cumulative; that is, it will cover all of the material covered during the course. However, most of the questions on the final will be based on material covered after the midterm exam.

Research Paper: A research paper is required. The paper is worth 35% of your grade. This paper should be between 2000 and 3000 words in length, and involve a thorough economic analysis of a question in international trade. This research paper is intended to help facilitate the development of your ability to integrate the theories we discuss in the course and apply them to the analysis of a problem.

Questions about Grades: If you have any questions about the grading of a homework, midterm or final exam, you may resubmit it to your instructor for re-grading. Please attach a written note detailing the problem(s) which you would like re-graded, as well as explaining why you feel the grade should be changed. The entire homework (or midterm or final) will be re-graded, so it is possible that your score may go up or down.

Moodle: A Moodle site has been established for this class. All course materials, including brief summaries of the material covered in some lectures will be posted on Moodle and the study guides for the midterm and final exams will be available for interested students to download. These materials will not be distributed in any other form.

Electronic Devices: The only electronic device you may use during exams is a non-graphing, non-programmable calculator. Graphing/programmable calculators, cell phones, Ipods, etc. must be kept in your bag. If you have any of these devices out during an exam it will be taken from you and will be returned once you have handed-in the exam.

Academic dishonesty: Academic dishonesty are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a academic dishonesty, at the following Web site: <http://www.upei.ca/registrar/reg20>