

Faculty of Science Course Syllabus
Department of Economics
ECON 5330
International Trade
Summer 2024

Dalhousie University is located in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq. We are all Treaty people. We acknowledge the histories, contributions, and legacies of the African Nova Scotian people and communities who have been here for over 400 years.

Instructor Information:

Dr. Wimal Rankaduwa

Office: A13

Office Hours: TR 4.00 - 5.00 pm.

E-mail address: wrankaduwa@dal.ca

Course Delivery:

The course will be delivered in person.

Lectures: Tuesday, Thursday, 13.35-15.55, LSC 234

Calendar Description:

This course examines the theory and empirics of international trade. It covers the classical Ricardian theory of comparative advantage, the neoclassical factor proportions theory, and the new trade theories that incorporate increasing returns and productivity differences, and discusses empirical testing of these theories. The course investigates the use of trade policy in industrial and developing countries, as well as the institutions that have been developed to regulate those policies.

Course Prerequisites:

Graduate standing in the Department of Economics or permission of the instructor

Course Objectives/Learning Outcomes:

Upon successful completion of this course – which includes following lectures and scheduled readings, completing assignments and quizzes, and understanding and applying the assigned material – students should be able to:

- Explain how different theories can be used to explain trade flows.
- Evaluate the effect of international trade on other economic outcomes.
- Analyze the effects of international trade policy
- Explain the debates on international trade and trade policy
- Critically analyze data and review published studies.

Course Materials:

This course will be taught in person using the Brightspace site for the course at Dalhousie University. Students will be required to read articles available through the library and are responsible for the material covered in lectures. The lectures will focus on the list of readings and the topics discussed in several chapters in the following textbook:

[James Gerber](#), *International Economics*, 8th Edition, Pearson Education Inc., 2022.

Students will be assigned a weekly schedule of required readings from the textbook and the list of readings. Knowledge of econometrics will be an advantage in understanding the methods and methodological issues found in the assigned readings. The reading list may be revised and updated during the term.

Course Assessment:

Review Quizzes	15%, (top 3 out of 4)
Assignments	15%, (top 3 out of 4)
Paper	15%
Midterm Test	25%
Final Exam	30%

Schedule of Quizzes

<u>Quiz (% of Grade)</u>	<u>Lectures Covered</u>	<u>Date</u>
Quiz #1 (5%)	Lectures 1- 3	May 16, 2024
Quiz #2 (5%)	Lectures 4– 6	May 23, 2024
Quiz #3 (5%)	Lectures 7– 9	June 06, 2023
Quiz #4 (5%)	Lectures 10 -12	June 13, 2023

Schedule of Assignments

<u>Assignment (% of Grade)</u>	<u>Lectures Covered</u>	<u>Available on</u>	<u>Due on</u>
Assignment #1 (5%)	Lectures 1- 3	May 16, 2024	May 21, 2024
Assignment #2 (5%)	Lectures 4– 6	May 23, 2024	May 28, 2024
Assignment #3 (5%)	Lectures 7– 9	June 06, 2024	June 11, 2024
Assignment #4 (5%)	Lectures 10 - 12	June 13, 2024	June 18, 2024

Schedule of Tests /Exams

<u>Test/Exam (% of Grade)</u>	<u>Lectures Covered</u>	<u>Date</u>	<u>Time</u>
Mid-Term Test (30%)	Lectures. 1-6	May 30, 2024	13.35-15.55 (in class)
Final Exam (40%)	Lectures. 7-12	June 20, 2024	13.35-15.55 (in class)

Conversion of Numerical Grades to Final Letter Grades:

A+ (90-100)	A (85-89)	A- (80-84)
B+ (77-79)	B (73-76)	B- (70-72)
F (<70)		

Course Policies:

- There will be no make-up quizzes.
- Late assignments will be penalized by 10 points (out of 50 points) per day, starting immediately after the assignment is due at 11:59 p.m.
- There will be no makeup midterm exams. If a student misses the midterm for a valid reason, as defined in Section 16.8 of the University Calendar, then the weight of the midterm will be added to the final exam.
- If a student misses the final exam for a valid reason, the student will have the opportunity to write a makeup exam.
- Plagiarism software may be used in the course.
- For help with technical issues, contact the IT help desk: <https://libraries.dal.ca/help/it-help-desk.html>

Course Content: *Lecture Schedule*

The following schedule is only a proposed outline, which may be revised. Topics and material may be added or removed as needed. Of critical importance is your understanding of the course material. As such, some topics may be covered faster or slower than planned.

<u>Lecture</u>	<u>Date</u>	<u>Topic</u>	<u>Chapters</u>
1	May 07	An Introduction to the World Economy	1
2	May 09	International Economic Institutions and World Trade	2
3	May 14	Comparative Advantage: Ricardian Theory and Gains from Trade	3
4	May 16	Comparative Advantage: Heckscher-Ohlin Theory, Gravity Model, Product Cycle Theory	4
5	May 21	Economies of Scale, Trade, and Industrial Policy	5
6	May 23	Theory of Tariffs and Quotas	6
7	May 28	Commercial Policy	7
	May 30	MID-TERM EXAMINATION (May 30, 2024)	Lectures 1-6
8	June 04	Trade and Labour and Environmental Standards	8
9	June 06	Trade and the Balance of Payments	9
		The United States, Trade and the World Economy	13
10	June 11	Trade and Policy Reform in Latin America,	15
11	June 13	Export-Oriented Growth in East Asia	16
12	June 18	China, and India in World Trade	17
	June 20	FINAL EXAMINATION	All Lectures

Course Content: Reading List

International Economic Institutions and Trade: May 09, 2024/Lecture2

Mansfield, E. and Reinhart, E., “International Institutions and the Volatility of International Trade,” *International Organization*, 62:4 (2008), 621-652.

Rose, A., “Do We Really Know that the WTO Increases Trade?,” *American Economic Review* 94:1 (2004), 98-114.

Huang, Q. and Li, Z., “Trade and peace: The WTO case,” *China Economic Review*, 83 (2024) 102072

Drabek, Z., “Is the WTO terminally ill? Threats to the international trading system”, *Asia and the Global Economy*, 4 (2024) 100078

Baier, S. and Bergstrand, J., “Do Free Trade Agreements Actually Increase Members’ International Trade?,” *Journal of International Economics* 71:1 (2007), 72-95.

Ricardian Theory and Gains from Trade/ May 14, 2024/Lecture 3

Golub, S. and Hsieh, C., “Classical Ricardian Theory of Comparative Advantage Revisited,” *Review of International Economics* 8:2 (2000): 221–234.

Costinot, A., Donaldson, D., and Komunjer, I., “What Goods Do Countries Trade? A Quantitative Exploration of Ricardo’s Ideas,” *Review of Economic Studies* 79:2 (2012), 581-608.

Semancikova, J., “Trade, Trade Openness and Macroeconomic Performance,” *Procedia-Social and Behavioral Sciences*, 220 (2016), 407-416

Heckscher_Ohlin Theory/May 21, 2024/ Lecture 4

Leontief, W., “Domestic Production and Foreign Trade: The American Capital Position Re-Examined,” *Proceedings of the American Philosophical Society* 97:4 (1953), 332-349.

Bowen, H., Leamer, E., and Sveikauskas, L., “Multicountry, Multifactor Tests of the Factor Abundance Theory,” *American Economic Review* 77:5 (1987), 791-809.

Trefler, D., “International Factor Price Differences: Leontief was Right!,” *Journal of Political Economy* 101:6 (1993), 961-987.

Clifton, D.S., and Marxsen, W.B., “An Empirical Investigation of the Heckscher-Ohlin Theorem,” *The Canadian Journal of Economics*, 17:1 (1984), 32-38

Trefler, D., “The Case of the Missing Trade and Other Mysteries,” *American Economic Review* 85:5 (1995), 1029-1046.

Gravity Model /May 16, 2024/ Lecture 4

Head, K., “Gravity for Beginners,” mimeo (2003), University of British Columbia.

McCallum, J., “National Borders Matter: Canada-U.S. Regional Trade Patterns,” *American Economic Review* 85:3 (1995), 615-623.

Helpman, E., Melitz, M., and Rubinstein, Y., “Estimating Trade Flows: Trading Partners and Trading Volumes,” *Quarterly Journal of Economics* 123:2 (2008), 441-487.

Economies of Scale and Trade/May 21, 2024/Lecture 5

Hummels, D. and Levinsohn, J., “Monopolistic Competition and International Trade: Reconsidering the Evidence,” *Quarterly Journal of Economics* 110:3 (1995), 799-836.

Tariff, Quotas, and Commercial Policy/May 23 and 28, 2024/Lectures 6 and 7

Wacziarg, R. and K. Welch, “Trade Liberalization and Growth: New Evidence,” *World Bank Economic Review* 22:2 (2008), 187-231.

Amiti, M., Redding, S., and Weinstein, D., “The Impact of the 2018 Tariffs on Prices and Welfare,” *Journal of Economic Perspectives* 33:4 (2019), 187-210.

Bühler M., “Who Benefits from Free Trade?,” *World Development*, 179 (2024) 106622
<https://doi.org/10.1016/j.worlddev.2024.106622>

US and Trade: June 6, 2024/Lecture 9

Bound, J. and Johnson, G., “Changes in the Structure of Wages in the 1980s: An Evaluation of Alternative Explanations,” *American Economic Review* 82:3 (1992), 371-392.

Sachs, J. and Shatz, H., “Trade and Jobs in U.S. Manufacturing,” *Brookings Papers on Economic Activity* 1 (1994), 1-84.

Krugman, P., “Trade and Wages, Reconsidered,” *Brookings Papers on Economic Activity* (Spring 2008), 103-154.

Latin America and Trade: June 11, 2024/Lecture 10

Attanasio, O., Goldberg, P., and Pavcnik, N., “Trade Reforms and Wage Inequality in Colombia,” *Journal of Development Economics* 74:2 (2004), 331-366.

Rosales O., and Herreros, S., “Trade and Trade Policy in Latin America and the Caribbean: Recent Trends, Emerging Challenges,” *Journal of International Affairs*, 66:2 (2013), 31-49

China and Trade: June 18, 2024/ Lecture 12

Autor, D., Dorn, D., and Hanson, G., “The China Syndrome: Local Labor Market Effects of Import Competition in the United States,” *American Economic Review* 103:6 (2013), 2121-2168.

Sun, P., and Heshmati., “International Trade and its Effects on Economic Growth in China”, *IZA Discussion Papers*, 5151, (August 2010)

Note: This syllabus and schedules are subject to revisions and changes. These changes will be announced in class or through the Brightspace site of the course or by email. However, it is the responsibility of the student to keep informed of the revisions and changes.

University Policies and Statements

This course is governed by the academic rules and regulations set forth in the University Calendar and by Senate.

Academic Integrity

At Dalhousie University, we are guided in all of our work by the values of academic integrity: honesty, trust, fairness, responsibility and respect (The Center for Academic Integrity, Duke University, 1999). As a student, you are required to demonstrate these values in all of the work you do. The University provides policies and procedures that every member of the university community is required to follow to ensure academic integrity.

Information: https://www.dal.ca/dept/university_secretariat/academic-integrity.html

Accessibility

The Advising and Access Services Centre is Dalhousie's centre of expertise for student accessibility and accommodation. The advising team works with students who request accommodation as a result of a disability, religious obligation, or any barrier related to any other characteristic protected under Human Rights legislation (Canada and Nova Scotia).

Information: https://www.dal.ca/campus_life/academic-support/accessibility.html

Student Code of Conduct

Everyone at Dalhousie is expected to treat others with dignity and respect. The Code of Student Conduct allows Dalhousie to take disciplinary action if students don't follow this community expectation. When appropriate, violations of the code can be resolved in a reasonable and informal manner—perhaps through a restorative justice process. If an informal resolution can't be reached, or would be inappropriate, procedures exist for formal dispute resolution.

Code: https://www.dal.ca/dept/university_secretariat/policies/student-life/code-of-student-conduct.html

Diversity and Inclusion – Culture of Respect

Every person at Dalhousie has a right to be respected and safe. We believe inclusiveness is fundamental to education. We stand for equality. Dalhousie is strengthened in our diversity. We are a respectful and inclusive community. We are committed to being a place where everyone feels welcome and supported, which is why our Strategic Direction prioritizes fostering a culture of diversity and inclusiveness

Statement: <http://www.dal.ca/cultureofrespect.html>

Recognition of Mi'kmaq Territory

Dalhousie University would like to acknowledge that the University is on Traditional Mi'kmaq Territory. The Elders in Residence program provides students with access to First Nations elders for guidance, counsel and support. Visit or e-mail the Indigenous Student Centre (1321 Edward St) (elders@dal.ca).

Information: https://www.dal.ca/campus_life/communities/indigenous.html

Important Dates in the Academic Year (including add/drop dates)

https://www.dal.ca/academics/important_dates.html

University Grading Practices

https://www.dal.ca/dept/university_secretariat/policies/academic/grading-practices-policy.html

Student Resources and Support

Advising

General Advising https://www.dal.ca/campus_life/academic-support/advising.html

Science Program Advisors: <https://www.dal.ca/faculty/science/current-students/academic-advising.html>

Indigenous Student Centre: https://www.dal.ca/campus_life/communities/indigenous.html

Black Students Advising Centre: https://www.dal.ca/campus_life/communities/black-student-advising.html

International Centre: https://www.dal.ca/campus_life/international-centre/current-students.html

Academic supports

Library: <https://libraries.dal.ca/>

Writing Centre: https://www.dal.ca/campus_life/academic-support/writing-and-study-skills.html

Studying for Success: https://www.dal.ca/campus_life/academic-support/study-skills-and-tutoring.html

Copyright Office: <https://libraries.dal.ca/services/copyright-office.html>

Fair Dealing Guidelines <https://libraries.dal.ca/services/copyright-office/fair-dealing.html>

Other supports and services

Student Health & Wellness Centre: https://www.dal.ca/campus_life/health-and-wellness/services-support/student-health-and-wellness.html

Student Advocacy: <https://dsu.ca/dsas>

Ombudsperson: https://www.dal.ca/campus_life/safety-respect/student-rights-and-responsibilities/where-to-get-help/ombudsperson.html

Safety

Biosafety: <https://www.dal.ca/dept/safety/programs-services/biosafety.html>

Chemical Safety: <https://www.dal.ca/dept/safety/programs-services/chemical-safety.html>

Radiation Safety: <https://www.dal.ca/dept/safety/programs-services/radiation-safety.html>

Scent-Free Program: <https://www.dal.ca/dept/safety/programs-services/occupational-safety/scent-free.html>

Dalhousie COVID-19 information and updates: <https://www.dal.ca/covid-19-information-and-updates.html>