

Economics 355

Introduction to International Trade

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Subject Matter: A broad overview of International Economics with primary emphasis on International Trade Theory and Policy. We will discuss a large number of economic models to explain why countries trade with each other. A large part of this course would be spent discussing the instruments of trade policy and the political economy of protectionism. We will also discuss the role of the World Trade Organization (WTO), emphasizing its dispute settlement procedure.

This course will not discuss globalization as a separate topic. If you are interested in learning more about Globalization I would like to refer you to Econ 255: Understanding Globalization. Also, if you are interested in International finance you should consider taking ECON 356: Introduction to International Finance.

I would like to emphasize that this is an economics course so you would be doing economic models with the helps for graphs. The course would talk about institutions but that is not the main focus of this course.

ARE YOU RIGHT FOR THIS COURSE?

- You should have a **good** knowledge of Microeconomics (Basic Principles).
- You are apt at working with economic models – (mainly graphs)
- You would be required to go through the WTO site and new reports on the web
- You would also need to read recent journal articles.

REQUIRED TEXTBOOK:

1. International Economics Theory and Policy

Krugmn and Obstfeld: International Economics: Theory and Policy plus MyEconLab plus eText 1-semester Student Access Kit (8th

Edition) ISBN-10: 0321488830 & ISBN-13: 9780321488831

(this is available at Discount Textbooks – above McDonalds at UBC village on University Boulevard.) store's contact (604) 221-1822

2. The Global Economy: Country Level Analysis and Case Studies (UBC Course Material put together by Nisha Malhotra) Pearson custom publishing (this is available at Discount Textbooks – above McDonalds at UBC village on University Boulevard.) store's contact (604) 221-1822

Please make sure you also purchase- Myeconlab with the Krugman textbook.
The above two books come as a package for this course

Important Notice: If you don't have the package but you have the 7th edition of the Krugman and Obstfeld, book then that is fine. But, I would prefer you buy the package instead of the of the 7th edition of the krugman and Obstfeld. Please make sure you also purchase- Myeconlab with the Krugman textbook

2. **ADDITIONAL READINGS:** These are on the website. I may announce additional readings during the course. These extra readings will then be available on my web page.

3. **ADDITIONAL RESOURCES:** I also advise you to keep up with the news on International Trade. The best sources for these are

- The Economist
- The Financial Times
- Wall Street Journal
- The WTO site: www.wto.org
- The Department of Foreign Affairs and International Trade:
http://www.dfait-maeci.gc.ca/trade/trade_policy-en.asp

4. **GRADING SCHEME:** There will be 3 assignments; Assignments submitted late will automatically receive a mark of zero, no exceptions. The final examination will be cumulative.

- The 3 assignments - 15%
- The Midterm Examination -40%
- The Final Examination - 40%
- Surprise Quiz – 5% (Best of 2 quizzes)

5. **IMPORTANT DATES:**

- **Midterm** –3rd March (Thursday)
- **Final** - TBA

COURSE OUTLINE

For purposes of examinations, you will be responsible for the following, my lectures, and any additional readings announced during the semester. I will specify the readings in more detail in class. (TBA: To be announced)

1. **International Economics: Introduction (ch. 1)**

2. **Why do Countries trade with each other?**

- The Ricardian Theory of Comparative Advantage (ch. 3)
- Resources and Trade: The Heckscher-Ohlin Model (ch. 4)
- Economies of Scale, Imperfect Competition and Trade (ch. 6)

3. **Income distribution: Who wins and who loses from trade?**

- Specific-Factors Model
 - Specific Factor Model: [The Muddles over Outsourcing](#)

4. **Trade Policy: Basic Principle**

- Tariffs, Quotas and Voluntary Export Restraints (ch. 8)
- Export Subsidies (ch. 8)

5. **Political Economy of Trade Policy & International Institutions (ch. 9 & readings)**

- Antidumping and Countervailing Duties: Protectionist Measure or Not?
 - Case Study-US and Canada Lumber Dispute
 - [Extent of Protection via Antidumping Action: A case study of the Vitamin C industry in India](#): Article
 - [The Users of Lumber and the US-Canada Softwood Lumber Agreement: An Event Study](#): Article
- WTO
 - Dispute Settlement procedure
 - Case Study-A news item chosen from the WTO site would be studied in detail.

6. Trade policy and Development (ch. 10)

- Import Substitution and the Infant Industry Argument
- Export-oriented development strategies

7. Economies of Scale (ch. 6)

- Economies of Scale, Imperfect Competition and International Trade (chapter 6, including the appendix)

One of the following topics would be covered depending on how much time we have at the end of the semester.
Choices between the following Topics: You would choose one of the topics

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- International Finance
 - Strategic Trade Policy
 - Empirical Trade

My Econ Lab

Textbook: Krugman/Obstfeld: International Economics 8e

Course Name: Econ 355

Course ID: **XL0L-N14M-401Y-8FT2**

To join your instructor's course, please complete the following **two** steps:

1. **REGISTER** for MyEconLab, and, 2. **ENROLL** in your instructor's course

To register, you will need:

1. A valid e-mail address, and,
 2. The **access code** that came with your MyEconLab Access Kit
 3. **Please use your Full Name – as used in your course registration. (University records)**
- If you don't have an access kit, you can purchase access online at <http://www.myeconlab.com>.

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