

# *International trade*

## Course Outline

Winter 2023,

Course Outline International Trade Winter 2023, 1/9/2023 2:49 PM

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### Introduction

Welcome to this course on international trade. We know that specialization wherever possible is the most efficient way to conduct economic activity. Most people are not aware that specialization requires cooperation, but most people agree that efficiency requires everyone to participate in economic activity to the best of her/his ability. In turn, this requires a certain amount of greed on the part of everyone. Too much greed leads to a highly inefficient allocation of resources. The best way to achieve cooperation and efficiency and to control greed is to allow for competition and good governance.

**Clearly, specialization requires trade and cooperation supplemented by competition on a plane level field and trade must be free from restrictions. This is not by any means clear to everyone. Cooperation and competition constitute a game and this game is not naturally cheat-proof.**

It is a fact that the world is divided in many different nations, driven by economic and noneconomic forces, and technological change occurs unevenly across nations. This makes it necessary to distinguish between trade within nations and trade across nations. Although most governments of various nations have championed free trade with as few restrictions as palatable to their tastes, they nevertheless engage in many forms of control of their trades with other nations for political and greed reasons. Many famous economists have spilled a lot of ink trying to convince government officials in every nation of the obvious benefits of trade across nations free from artificial barriers. Other economists have argued that temporary or permanent restrictions on trade across nations are a necessary evil to counter the lack of plane level field due to the speed, the significant subsidies, the excessive protection of the fruits of technological and its random character, greed at the community levels, and attempts to gain or regain control over natural resources for purposes other than the promotion of the public interest.

In the first part of this course, we learn about the reasons for and benefits from free and plane level field of trade across nations. In the second part, we discuss the effects of governments erected impediments to free trade and the exploitations of the confusion between the effects of free trade and the effects of subsidized and highly protected government granted monopoly power of the fruits of government subsidized technological progress. We will also discuss certain governments' efforts to mitigate the effects of their protectionist policies on trade flows.

### Textbook:

Dominick Salvatore International Economics, 11<sup>th</sup> or 13<sup>th</sup> edition, John Wiley, New York, 2016, 2023,

Section 2 of this course outline describes the grading system. Sections 2 and 3 provide the relevant dates for the exams and the due dates of assignments.

### Section 1: Course Outline:

Week	Subject	Salvatore Chapters
Week 1-2	Comparative advantage, technology, and trade across nations	1,2
Week 3-4	Standard theory of international trade	4
Week 5	Factor price equalization	5
Week 6	Economies of Scale and intra industry international Trade	6
Week 7	<b>Study Break</b>	
Week 8	Economic Growth and International Trade, Rybczynski Theorem	7
Week 9-10	Tariffs and International Trade	8
Week 11	Non-Tariff barriers and trade	9
Week 12	Attempts to remove barriers to trade: Customs unions and Free Trade Areas	10
Week 13	Economic Development and international trade	11

### Section 2: Grading System

	Date	Weight
Test 1	February 8, 2023	8
Test 2	March 29, 2023	8
Midterm Exam	March 1, 2023	34
Final Exam	Consult the final exam schedule of the registrar's office	35
Assignments	See Section 3 Below	15
Paper	April 2, 2023, Optional	

**Please note to earn a C- grade or better in this course, you need to pass the final exam with a mark of 50% or better.**

### Section 3: Assignment Schedule

Assignment	Date of Distribution of Text	Due date
1	January 25, 2023	February 6, 2023
2	February 6, 2023	February 15, 2023
3	March 13, 2023	March 22, 2023

Assignments must be handed in at the beginning of class of the corresponding due date.

*Good Luck*