

**CARLETON UNIVERSITY, Department of Economics**  
**ECON 3601A: Introduction to International Trade (Fall 2025)**

**Instructor:** Professor: Z. Yu (Email: [zhihao.yu@carleton.ca](mailto:zhihao.yu@carleton.ca) Please allow 24-36 hours to respond. In addition, please use office hours for obtaining helps to understand course materials and homework).

**Course Format: Lectures/Seminars**

**Lecture Time: Tuesdays 8:35am-11:25am**

**Instructor's Office Hours:** Wed 9:30am-10:30am in B852 (LA)

**TA: TBA**

**TA's Weekly Office Hours,** TBA in B848 (LA);

**PREREQUISITES:**

The prerequisites for this course are ECON 1000 or FYSM 1003. Prerequisites (and preclusions) will be checked and strictly enforced by the Economics Department. Students lacking the necessary requirements will be de-registered. If you believe that you have an equivalent background or a similar course from other university, then you must contact the Department of Economics Undergraduate Administrator.

**PRECLUSIONS:**

Credit for this course will not be given if taken concurrently with or after ECON 4601. This course also precludes additional credit for ECON 3600.

**OBJECTIVES:**

In the first part of the course, several important concepts (such as comparative advantage, terms of trade, etc.) will be introduced as well as the classical trade theory. In the second part of the course, the neoclassical framework will be introduced, which is then applied in the Factor Proportions Theory of international trade. The third part of the course is an introduction to some new trade theory and some issues on trade policy.

**Homework**

1. Students are required to preview the textbook materials and will be asked to discuss them at the beginning of each class (in particular, in Module 3).
2. Students are required to submit their homework of each chapter (selected problems from the end of each chapter) after the discussion of that chapter is finished. No written answers will be provided to the problems of the homework, but you are welcome to ask questions and discuss them with the instructor and TA(s) during their weekly office hours (the instructor may also select some questions to discuss during the class). Each submission will be marked on a scale of 1-10.

**Evaluation**

Chapter Previews and Class Participation <sup>1</sup>	10%
Weekly Homework submission <sup>2</sup>	15%
In-class Test 1 ( <b>October 14<sup>th</sup></b> )	35%
Major Assignment	25%
In-class Test 2 ( <b>December 2<sup>nd</sup></b> )	15%

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<sup>1</sup> Students who miss more than half of the classes will not be allowed to write the in-class tests/exams (if written, their exams will not be graded).

<sup>2</sup> The deduction for late homework/assignment submissions is 25% (50%, 100% - i.e. zero marks) of your total mark for the first 0h-24h (the second 0h-24h, the third 0h-24h and afterwards) after the deadline, respectively.

## Test Rules

1. A student will receive a zero mark for missing an in-class test unless he/she informs the instructor via email (either before the test or within 24 hours after).
2. A deferred test will be scheduled within-a-week by the Department of Economics.  
N.B.: the scheduled time might not be convenient for you due to potential multiple cases. Students who miss more than one test (including a deferred one) will receive a grade of F.
3. This course has the above two formative tests and no final exam. The feedback on the two tests will be provided either in person or via Brightspace.

## REQUIRED TEXTBOOK

Paul R. Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics* (Pearson) 12<sup>th</sup> edition C\$67 (ISBN-13: 9780137465699) – check with CU bookstore.

<https://www.pearson.com/en-ca/subject-catalog/p/international-economics-theory-and-policy/P200000005956/9780137465699>

Optional: Additional study materials are available via MyLab Economics with Pearson eText (**Course ID:** TBA).

**Important:** If you use a different edition (e.g. a previous edition, or the 12<sup>th</sup> Global Edition), please make sure to do the homework according to the edition we use.

## Plagiarism

Please be aware that plagiarism is serious offence at Carleton and should be recognized and avoided. For further information on how to do so, please see [HERE](#).

## Academic Accommodation:

You may need special arrangements to meet your academic obligations during the term. For accommodation requests, please visit: [students.carleton.ca/course-outline](https://students.carleton.ca/course-outline)

## COURSE OUTLINE

(The problems listed below can be found at the end of each chapter)

### Module 1. Neoclassical International Trade Theory

#### 1.1. Introduction

**A brief history of the classical economic thoughts/theory about international trade**

Readings: Chapters 1 & 2

Math Review (graphing linear diagrams).

#### 1.2. Labour Productivity and Comparative Advantage: The Ricardian Model

Readings: Ch. 3

Homework: **Problems #1, 2, 3, 4 and 5** (pages 48-49 in the textbook)

#### 1.3. The Specific Factor Model and Income Distribution

Readings: Ch. 4

Homework: **Problems # 2, 3, 4, 5 and 6.**

#### 1.4. Resource and Trade: The Heckscher-Ohlin Model

Readings: Ch. 5

Homework: **Problems #2 and 3.**

### **1.5. Terms of Trade and Gains from Trade**

Readings: Ch. 6 (excl. p138-144)

Homework: **Problems #1, 2 and 7.**

## **Module 2. Trade Policy**

### **2.1. Trade Policy: Perfect Competition**

Readings: Ch. 9 and **Chapter 6 (p138-141).**

Homework: **Problems #1, 2, 3, 4 and 9 in Chapter 9; Problem #10 in Chapter 6.**

### **2.2. Trade Policy: Imperfect Competition (Strategic Trade Policy)**

Readings: Ch 12 (pp305-309)

## **Module 3. New Trade Theory and Political Economy of Trade Policy**

### **3.1 External Economies of Scale, and International Location of Production**

Readings: Ch. 7.

Homework: **Problems #1, and 5.**

### **3.2. Political Economy of Trade Policy**

Readings: Ch. 10

Homework: **Problems #2.**

**“Is China’s High-Tech ‘Overproduction’ Killing Jobs In The West?” | When Titans Clash**  
([https://youtu.be/BQ23sgi\\_mgw?si=03dJXziSjgtJ8ASc](https://youtu.be/BQ23sgi_mgw?si=03dJXziSjgtJ8ASc))

### **3.3. Trade Policy in Developing (and Developed) Countries**

Readings: Ch. 11

Homework: **Problem #5.**

**Fareed’s Take: Trump’s misguided push for a ‘manufacturing comeback’**

<https://www.youtube.com/watch?v=DDtZLShib2E>

### **3.4. Controversies in Trade Policy**

Readings: Ch. 12

Homework: **Problems #1, 2 and #4**