



FRE 420: The Economics of International Trade and the Environment

COURSE INFORMATION

Instructor: Dr. Carol A McAusland

Contact Info: Carol.McAusland@ubc.ca (for setting appointments only)

Lectures: Tuesdays & Thursdays 3:30-4:50 pm - MCML 158

Office hours: **Mon** 1:30 to 2:30 pm | **Wed** 2:30 to 3:30 pm
15-minute meetings scheduled via Canvas at least **24 hours in advance**. Also by appointment.

How do I sign up? Review the instructions [here](#).

ASSESSMENT

Assignments	50%
Essay & Presentation	50%

Prerequisites

1. Econ 301 or COMM 295 or “6 credits of upper-level Econ or FRE”.¹
2. You will be expected to differentiate and calculate first- and second-order conditions for optimization problems.

Assignments: are individual work and must be uploaded before 11:59pm on the date of the deadline. Each assignment is worth 12.5% of your course grade.

Essay & Presentation:

- You will choose a question in the area of trade & environment, research relevant evidence, and present an answer to your question.
- Associated activities include the following:
 - Submitting your question (in writing)
 - Obtaining written approval of your question
 - Submitting an annotated bibliography
 - Writing/submitting your essay
 - Submitting a slide deck
 - Making a live presentation to the class
 - Asking questions after other presentations
- The final presentations will take place during scheduled class times March 17 – April 7. These meetings will be split between student presentations and lecture.
- Further details regarding deliverables and assessment will be distributed at a later date.

Turnitin: Turnitin will be used to check for work originality. Please sign up using the following information:

Enrollment Key:	
ID number:	

ACADEMIC CONDUCT²

Academic dishonesty and plagiarism are taken very seriously in the Faculty of Land and Food Systems and can result in a range of disciplinary actions. It is each student's responsibility to review and understand what constitutes academic dishonesty and plagiarism and how to avoid them.

Academic honesty is essential to the continued functioning of UBC as an institution of higher learning and research. All UBC students are expected to behave as honest and responsible members of an academic community. Breach of those expectations or failure

¹ As of AY2022/23, the official pre-requisite will be “Econ 101 or Econ 310.”

² Statement of Academic Conduct paraphrased from the UBC Calendar and the MFRE Program

to follow the appropriate policies, principles, rules, and guidelines of the University with respect to academic honesty may result in disciplinary action.

Academic misconduct that is subject to disciplinary measures includes, but is not limited, to the following:

- **Plagiarism**, which is intellectual theft, occurs where an individual submits or presents the oral or written work of another person as his or her own. In many UBC courses, you will be required to submit material in electronic form. In such cases, you will not be permitted to use any work not your own without appropriate credit given to the rightful owner. Plagiarism includes, but is not limited to, cutting & pasting text---even when that text is patchedited---without using quotation marks to indicate that the text has been copied/patchedited from an external source. Each instance of cut/paste/patchedited plagiarism will incur a 5 percentage point penalty; students/essays with 4 or more instances will be referred to the program for disciplinary action.
- **Cheating**, which may include, but is not limited to falsification of any material subject to academic evaluation, unauthorized collaborative work; or use of unauthorized means to complete an examination.
- **Submitting others work as your own**, may include but not limited to i) using, or attempting to use, another student's answers; ii) providing answers to other students; iii) failing to take reasonable measures to protect answers from use by other students; or iv) in the case of students who study together, submitting identical or virtually identical assignments for evaluation unless permitted by the course instructor.
- **Resubmission of Material**, submitting the same, or substantially the same, essay, presentation, or assignment more than once (whether the earlier submission was at UBC or another institution) unless prior approval has been obtained from the instructor(s) to whom the assignment is to be submitted.
- **Use of academic ghostwriting services**, including hiring of writing or research services and submitting papers or assignments as his or her own.

Student Responsibility: Students are responsible for informing themselves of the guidelines of acceptable and non-acceptable conduct for examinations and graded assignments as presented via the course syllabus and instructors; and UBC academic misconduct policies. Review the following web sites for details:

UBC Academic Misconduct and Discipline

<http://www.calendar.ubc.ca/Vancouver/index.cfm?tree=3,54,111,0>

UBC Learning Commons Web-based Academic Integrity

<http://learningcommons.ubc.ca/academic>

Penalties for Academic Dishonesty: The integrity of academic work depends on the honesty of all those who work in this environment and the observance of accepted conventions. Academic misconduct is treated as a serious offence at UBC and within the Faculty of Land and Food Systems. Penalties for academic dishonesty are applied at the discretion of the course instructor. Incidences of academic misconduct may result in a reduction of grade or a mark of zero on the assignment or examination with more serious consequences being applied if the matter is referred to the Dean's office and/or President's Advisory Committee on Student Discipline.

COMMUNICATION

This term we will be using Piazza for class discussion. The system is highly catered to getting you help fast and efficiently from classmates and the teaching team. **Rather than emailing questions to the teaching staff, we encourage you to post your questions on Piazza.**

Our class is at <https://piazza.com/class/ky52tpdvo2m5li>

IMPORTANT DATES

Date	Details
January 25	Essay Question Proposed
February 1	Essay Question – Approval Deadline
February 3	Assignment 1 Due
February 10	Annotated Bibliography Due
March 8	Essay Due
March 10	Assignment 2 Due
March 15	Slide Deck Due
March 17 – April 7	Presentations
March 31	Assignment 3 Due
April 14	Assignment 4 Due

LECTURE OUTLINE

Week	Content
<p>Week 1</p> <p>Jan 10 – Jan 14</p>	<p>Mini course in Environmental Economics:</p> <ul style="list-style-type: none"> • MPB, Demand Curves and Consumer Surplus. • MPC, Supply Curves, and Producer Surplus. • Deadweight Loss. • Externalities and Pollution Damage. • Pigouvian Taxes. • Coase Bargaining. • Abatement. • Cap & Trade. <p>Structure of presentations.</p>
<p>Week 2</p> <p>Jan 17 – Jan 21</p>	<p>Mini course in International Economics (i.e. why countries trade with one another):</p> <ul style="list-style-type: none"> • Comparative Advantage (Ricardian, Factor Proportions). • Increasing Returns to Scale. • Abnormal Profits. <p>Weak regulation as a source of Comparative Advantage Broner, Bustos and Carvalho (BBC) 2012 https://www.nber.org/papers/w18337</p>
<p>Week 3</p> <p>Jan 24 – Jan 28</p>	<p>Mini course in International Economics Continued.</p> <ul style="list-style-type: none"> • Variety. • Heterogeneous Firms. • Tariffs. • Terms of Trade. <p>Core Trade & Environment</p> <ul style="list-style-type: none"> • What does "openness" do to the environment and welfare when policy is fixed? <ul style="list-style-type: none"> • Graphs for assess pollution and welfare impacts in a Small Open Economy.
<p>Week 4</p> <p>Jan 31 – Feb 4</p>	<p>Core Trade & Environment Continued</p> <ul style="list-style-type: none"> • Who Exports What? • Pollution Haven Hypothesis
<p>Week 5</p> <p>Feb 7 – Feb 11</p>	<p>What does "openness" do to the environment when policy is endogenous?</p> <ul style="list-style-type: none"> • Scale, composition, and technique effects. • Math. • Empirics: Antweiler, Copeland and Taylor (2001).
<p>Week 6</p> <p>Feb 14 – Feb 18</p>	<p>Pollution Haven Effect and Selection Effects</p> <ul style="list-style-type: none"> • What does environmental regulation do to exports? Cherniwchan and Najjar (2020)

	Leakage
Week 7 Feb 21 – Feb 25	Reading Week
Week 8 Feb 28 – Mar 4	Leakage <ul style="list-style-type: none"> • Effects of unilateral environmental policy: <ul style="list-style-type: none"> • Change in Product Prices • Change in Fuel Prices. • Movement along MD curve. • Spillovers in Abatement Costs. • Demand Spillovers. • Empirics: Simulations. Aichele and Felbermayr (2012, 2015).
Week 9 Mar 7 – Mar 11	Policy Solutions for Leakage. <ul style="list-style-type: none"> • Output based allocations. • Border carbon adjustments and carbon footprint taxes. • Demand withdrawal in presence of a CAP. • Harstad: Buy Coal.
Week 10 Mar 14 – Mar 18	Trade Agreements & Environment <ul style="list-style-type: none"> • Montreal Protocol • Select WTO cases Student Presentations
Week 11 Mar 21 – Mar 25	Trade Bans & Restrictions <ul style="list-style-type: none"> • Ivory Trade and Poaching Student Presentations
Week 12 Mar 28 – Apr 1	Trade and Invasive Species Student Presentations
Week 13 Apr 4 – Apr 8	Transport Related Emissions If time permits: Migration and Environment Presentations

This version: January 10, 2022