UNIVERSITY OF COLORADO
BOULDER, COLORADO

Economics 4413
International Trade

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Course Outline and Reading List

The Course Outline given below lists the major topics we will deal with in this course. Markusen et.al. is the textbook. The Reich and Tyson books are available in the bookstore.


Assessment in the course will consist of:

In-class, mid-term exam 30% Thursday, March 7
Critical review of Reich and Tyson books 30% Due Tuesday, April 23
Final Exam 40% Tuesday, May 14 (no exceptions!!)

The exams will be analytical-essay type exams in which you will be asked, for example, to analyzed the relationship between two variables or assess the likely effects of some policy. In the book review, I will ask you to critical evaluate and compare the positions of the two authors in light of the trade theory in the textbook.

In the lectures, I will try to present theory in the first half of the class period, and applications in the second half.
PART I: TECHNICAL TOOLS AND THE GAINS FROM TRADE

In this part of the course, we develop and review basic tools of microeconomic theory that we will use throughout the course.

1. Supply and Production Possibilities
   MMKM, Chapters 1 and 2.

2. Preferences, Demand, and Welfare
   MMKM, Chapter 3.

3. General Equilibrium in Open and Closed Economics
   MMKM, Chapter 4.

4. The Gains from Trade
   MMKM, Chapter 5.

PART II: DETERMINANTS OF TRADE

This section analyzes the different underlying causes of international trade and the gains from trade.

1. Differences in Technology between Countries.
   MMKM, Chapters 6 and 7.
   Skip section 5, chapter 7.

2. Differences in Factor Endowments between Countries.
   MMKM, Chapters 8 and 9.
   Skip section 6, chapter 8.

   MMKM, Chapter 10.
   Skip sections 4 and 5.

4. Imperfect Competition as a Determinant of Trade.
   MMKM, Chapter 11.
   Skip section 4.

5. Increasing Returns to Scale.
   MMKM, Chapter 12.
   Skip sections 5 and 6.

6. Preferences and Income as Determinants of Trade.
   MMKM, Chapter 13.

   MMKM, Chapter 14.
PART III: TRADE POLICY

This part of the course analyzes the principal tools that governments use to influence trade. We analyzed the effects of the policies and try to understand the reasons that governments choose the policies they do.

1. Tariffs
   MMKM, Chapter 15.
   Skip section 7.

2. Quotas
   MMKM, Chapter 16.
   Skip section 5.

3. Imperfect Competition, Increasing Returns, and Strategic Trade Policy.
   MMKM, Chapter 17.
   Skip section 4.

4. Preferential Trade Areas
   MMKM, Chapter 18.
   Sections 1 and 2 only.

5. The Political Economy of Trade Policy
   MMKM, Chapter 19.

6. Administered Protection
   MMKM, Chapter 20.

PART IV: FACTOR TRADE AND DIRECT FOREIGN INVESTMENT

The final section of the course looks at trade in factors of production and direct foreign investment by multinational firms.

1. Trade in Factors of Production
   MMKM, Chapter 21.
   Skip sections 2 and 5.

2. Direct Foreign Investment
   MMKM, Chapter 22.
   Skip section 4.

3. Intertemporal Trade
   MMKM, Chapter 23.
   Section 1 only.