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Economics 218  
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URL:  http://spot.colorado.edu/~kellerw/courses/4413f07/Eco4413f07.htm

Class Schedule: MWF 12:00 – 12:50 in Econ 119

Office Hours: MW 3:00 – 4:30

Course Description

This is an introductory course on the economics of international trade and investment. We will emphasize both the intuition behind key ideas as well as some simple ways of demonstrating them with the help of models. Equipped with those, we will analyze current policy questions throughout the course.

Key issues in the course will be:

- *The Gains from Trade*
- *What Explains the Pattern of Trade and Factor Movements*
- *Trade Policy and Protectionism*
- *Foreign Direct Investment*
- *Globalisation: Winners and Losers*

Prerequisites

Econ 3070 (Intermediate Micro Theory) is a prerequisite for this course.

Required Reading

- Regular reading of *The Economist* weekly magazine, so that you are on top of major current international economic issues. Some of these issues will be discussed in class. *All* of these issues are relevant material for possible test questions.
- Material on current international economics topics on the course web page at http://spot.colorado.edu/~kellerw/courses/4413f07/Eco4413f07.htm
Grading

There will be two tests that each account for 35% of the grade. These tests are in-class, closed-notes, closed-books. The dates are October 12 and December 7, 2007. Attendance and class participation counts for 10% of the grade. The remainder of 20% of the grade is determined by a take-home final exam which is due by Dec 20, 2007, 10:30 am at my office (Econ 218). Instructions for this take-home final are given below.

Organization

There will be no class on September 7 and on October 24 due to other commitments. These classes will be made up as needed. This primary means of communication outside the classroom will be by email. General announcements will be made through webct.

Syllabus (since we are using a new textbook, this will likely be updated over the course)

1. Overview: Trade in the Global Economy
   - FT, Chapter 1

2. Trade and Technology: The Ricardian Model
   - FT, Chapter 2

3. Gains and Losses from Trade in the Specific-Factors Model
   - FT, chapter 3.

4. Trade and Resources: The Heckscher-Ohlin Model
   - FT, chapter 4.
5. Movement of Labor and Capital between Countries; Multinational Enterprises
   · FT, chapter 5.

6. Increasing Returns to Scale and Imperfect Competition
   · FT, chapter 6.

7. Foreign Outsourcing of Goods and Services
   · FT, chapter 7

8. Import Tariffs and Quotas under Perfect Competition
   · FT, chapter 8.

9. Import Tariffs and Quotas under Imperfect Competition
   · FT, chapter 9.

10. Export Subsidies in Agriculture and High-Technology Industries
    · FT, chapter 10.

10. International Agreements: Trade, Labor, and the Environment
    · FT, chapter 11.

Instructions for Take-Home Final

Choose a country (other than the U.S.) from the list below (these are big enough that there is information available about their trade patterns). Write your paper to answer the following questions:
   a. What are the major import and export commodities? In which industries do you observe a lot of FDI? Have these changed over the last 10 years, and why?
   b. Which countries are its major trading partners? Which countries do foreign direct investment in your chosen country? Where does your country do its FDI?
   c. What are good explanations for these trade patterns, based on what we have studied (factor endowments, technology, etc)? And what explains the FDI patterns? Support your conclusions with facts and evidence from other studies.
   d. Has the country attempted recently to lower its barriers to trade and investment, and how?
   e. Is the country a member of any regional Free Trade Areas? What seem to be the costs and benefits of this membership?
Your paper is not to exceed eight typed, double-spaced pages, including tables and references.

List of Countries for paper:
North America: Canada, Mexico
South America: Argentina, Chile, Brazil
Western Europe: UK, France, Germany, Italy, Spain, Sweden, Austria, Switzerland, Portugal, Greece
Central Europe: Hungary, Poland, Czech Republic
Eastern Europe: Russia
Africa: Egypt, South Africa, Morocco, Kenya
Middle East: Turkey, Israel
South Asia: India, Pakistan
East Asia: Thailand, Malaysia, Indonesia, Singapore, Hong Kong China, China, Republic of Korea, Japan
Other: Australia, New Zealand

Sources of information: This includes major organizations such as The World Bank, International Monetary Fund, Organization for Economic Cooperation and Development, European Commission, ASEAN, Asia-Pacific Economic Cooperation Forum (APEC), Asian Development Bank, African Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development, United Nations (including UNIDO, UNCTAD, FAO, UNESCO, WIPO, WHO, etc), and WTO. The U.S. government also publishes numerous studies about trading partners; see especially the International Economic Review of the U.S. International Trade Commission and National Trade Estimate Annual Report on Foreign Trade Barriers of the US Trade Representative's Office.

Here are some useful websites:
www.worldbank.org  www.asean.org
www.imf.org  www.apecsecretariat.org
www.oecd.org  www.adb.org
www.sourceoecd.org  www.idb.org
www.europa.int  www.ebrd.org
www.unido.org  www.unctad.org
www.fao.org  www.unesco.org
www.wipo.org  www.who.org
www.wto.org  www.usitc.gov

You will also be able to find websites for individual countries through a websearch. Also ask the staff in the government documents area of Norlin Library to help you find trade and investment data from the IMF, the World Bank, the UN, and other sources.

Generally, there is less information on foreign direct investment (FDI) than there is on trade. Two sources for FDI data that you should consider are the annual World Investment Reports by UNCTAD (www.unctad.org), as well as the FDI data held by the U.S.’ Bureau of Economic Analysis (www.bea.gov) in its International section.

NOTE
I am willing to accommodate the special needs of students with disabilities and particular needs for religious observations, but please contact me immediately if you have such concerns. Finally, you should be aware of the honor code and policy for student classroom behavior. The campus policies for these and other issues, including policies regarding course prerequisites, may be found at http://www.colorado.edu/Economics/courses/fall07-course-index.html