

# **ECONOMICS 3403 INTERNATIONAL ECONOMICS AND POLICY**

Fall, 2020 Course meets Tu-Th 12:45 – 2:00 pm; Recreation Center room B210

## **SYLLABUS**

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Office: Economics 107, but office hours will be held on Zoom.

Hours: Tuesdays, 3:30-5 PM; Wednesdays 9:30-11 AM. I will be available at those times, but on Zoom only, if I get an email request(s) ahead of or during those times. I can also set up Zoom sessions by appointment.

TA: Natalie Ho; natalie.ho@colorado.edu

Hours: Mondays, 3-4 PM; Thursdays 8-9 AM (on Zoom)

Canvas course site: <https://cuboulder.instructure.com/courses/63039>

### **1. Introduction**

Welcome to my class, where we will study the principles of international economics and policy. The world economy has become vastly more interrelated and complex in recent decades, as we all have learned sharply with the global transmission of the Covid-19 pandemic. To say the least, international economic issues have become front-page news recently, ranging from trade wars to immigration bans to financial crises. Growing international interdependence places serious economic pressures, both favorable and unfavorable, on individuals and nations at all levels of income and development. Governments struggle to manage these pressures through various policies. These are fascinating issues with which we should all be familiar.

In this course we study, at a basic level, the theories, policies, and institutions of international trade and finance. We have three primary objectives. The first is to build a logical framework for investigating international economics. The idea is to use that framework to help understand the complexities of international commerce and to assess various policy proposals objectively.

The second goal is to gain a fuller appreciation of the complicated economic interrelationships that link nations and peoples. Consider, for example, the important impacts the emergence of China as a major trader has on global labor markets and the resulting political pressures. Similarly, think about claims that the growth of international trade damages the global environment and countries should use trade restrictions to address this problem. For another issue, how does monetary policy in the United States affect exchange rates and what impacts does that have on other economies? These are complex issues without easy answers, despite the tendency of politicians and media pundits to think otherwise.

The final objective is to use this opportunity to become better informed about the world surrounding us. For example, it is not enough just to know how trade barriers work. We should investigate also why such policies exist and how costly or beneficial they are.

No single course can meet all these objectives fully. I have been studying and writing about the world economy for many years and have a good handle on its fundamental features, yet still I am sometimes overwhelmed by its complexity. Nevertheless, we can make a good start here in understanding the pieces of the international economy and how they fit together.

The course is designed for students who are not Economics majors. The prerequisites include Economics 2010 and 2020 and these requirements are enforced. Though it requires a limited background in economics, the course will be challenging. To work through the primary

aspects of both international trade and finance in a reasonably comprehensive way, while adding policy perspective, we will need to study a large volume of materials.

## **2. Life with Covid-19: My Observations**

This pandemic has been deeply disruptive and dangerous since March of this year and it shows no signs of slowing down in the US. We must treat it seriously. Here are a few points to keep firmly in mind:

- REC B210 is a large indoor gymnasium that has been repurposed to a classroom. Its capacity rated for teaching in the pandemic is 49 students. This should be enough to accommodate everyone enrolled in the class.
- With social distancing, each seat will essentially be in a hexagon with 6 feet between students in all directions. I am told we will need to work out a seating chart to make contact tracing easier in case any students become ill during the semester. That means you will need to sit in the same seat every day.
- I am also told there will be sanitary wipes available and you should be prepared to wipe down your desk before class starts.
- We all must wear face masks indoors and throughout the class time. I will enforce this point rigorously. If you come without a mask, I will ask you to leave. See also Section 5 below.
- Social distancing means I will be a significant distance away from students and speaking through a mask. I will use a microphone to be heard.
- I intend to project my slides onto a screen in the classroom so you can see them easily. However, I will be recording the classes and posting them on Canvas soon after each class.
- Because I will record the classes, the course can be taken in class or remotely, either synchronously (you join a Zoom call at the time of the lecture) or asynchronously (lectures can be watched at other times).
- I hope to encourage discussion of the material (with masks on) during class, both among those who attend and those on Zoom. But if you need to speak to me personally after class, we will walk outside and speak there. Even better would be sending me an email and I will get back to you quickly with an answer.

Section 5 below adds information from CU about its Covid guidelines and expectations, which should be read carefully.

## **3. Course Materials and Structure**

The textbook is *International Economics*, 9<sup>th</sup> Edition (2013, Pearson Publishers) by Steven Husted and Michael Melvin. I chose this book because I think it has a solid combination of analytical rigor and real-world policy examples. It is now somewhat outdated, so I have added current policy materials for our planned policy discussions. To have sufficient time to cover those, we will not cover the entire textbook. In cases where only parts of a chapter are assigned you will not be responsible for the remaining parts of the chapter. Chapter appendixes are not assigned.

Textbook prices are absurdly high, of course (this one, if bought as a new hard-copy text, would be over \$200). I have arranged with the CU bookstore to limit your costs. Specifically, I have placed this text into the bookstore's "Day 1 Digital Access Program," which means it is

automatically available to you in electronic format under the “Course Materials” part of the Canvas site. Here are the details:

- To get the discounted price, the cost of access to the text and related materials (\$65.30) is automatically billed to your tuition and fees statement.
- PLEASE NOTE YOU HAVE UNTIL SEPTEMBER 9 TO DECLINE THIS ACCESS ON CANVAS IF YOU WANT TO SOURCE THE TEXT ANOTHER WAY. For example, I think you may be able to find used and rental copies at the bookstore.
- Following is a message to me from the CU Bookstore they recommend I share with you about this program:

*Dear Student,*

*To keep the cost of your course materials as low as possible and access to those materials as convenient as possible, we have collaborated with the CU Book Store and the publisher to deliver those materials through a program called “Day 1 Digital Access,” which will appear on your tuition and fee bill as “Day 1 Digital Access.”*

*What does this mean for you?*

- *You will receive access to all your course materials, digitally, on the first day of classes, through the course Canvas page.*
- *You will see a “Day 1 Digital Access” charge on your tuition and fee bill for: **\$65.30***
- *This is a guaranteed lowest price, discounted by the publisher, and not available outside this course.*

*You have the option to opt out. This means you won’t pay for anything, but you lose all access to the course materials, including homework managers like Connect or Mindtap. (**KM note: I won’t be using anything like that.**)*

*You can opt out by using a link in a reminder email you will receive with the subject heading “Day 1 Digital Access.” You must opt out no later than September 9<sup>th</sup>, otherwise you will be charged for the materials.*

*Please keep in mind that “opting out” means that your access to these materials will be turned **OFF**, and you will have no way to complete assignments. (**KM note: that’s not true either because I won’t be using their homework managers. All I am trying to do here is save you a lot of money.**)*

Beyond the textbook, the primary materials to study will be my lecture notes. I will place on Canvas my power point slides just ahead of corresponding class periods under the module “Notes”.

You would find it useful to keep up with international economic events by regularly reading a publication such as The Economist, The Wall Street Journal, The New York Times, or The Financial Times. One particularly useful and interesting source of commentary and analysis on current US trade policy is the blog “Trade Talks” assembled by the Peterson Institute for International Economics. You will find it at <https://piie.com/trade-talks>

I will make use of CU I-Clickers, in two formats. One is your physical I-Clicker, which many of you have already, which we will use if you are attending class in person. If you do not yet have a registered CU-clicker remote, please get one from the CU bookstore immediately and register it. The URL to register one is <https://oit.colorado.edu/tutorial/cuclickers-iclicker-remote-registration> The Clicker code for REC B210 is not yet established and we’ll find out the first day of class.

The second format is for those attending class remotely. For this semester, the university is permitting free use of “I-Clicker Reef,” a cloud version that will permit clicking in remotely as

well as in class. This is software that you will download onto your device (laptop, tablet, smartphone, though I would strongly encourage using a laptop). You will need to create an I-Clicker Reef account and link your physical clicker to that Reef account. You will also need to register for the course in your Reef account and link the course to the Canvas course site. Directions are at <https://oit.colorado.edu/services/learning-spaces-technology/cuclickers/help/student-resources>

There will be two 75-minute class periods per week. Thirty minutes of eight class periods will be devoted to in-class discussion of current global policy issues. To get you thinking and involved in those, I will place on the Canvas site brief papers from the policy literature or papers or power point notes I will write outlining the issues involved in each subject (see the outline below). Reading these materials and attending the related class sessions (in person or online) are required activities and questions about the papers will appear on examinations. There will also be four graded problem sets that will be required for you to work through in preparation for examinations. I intend to do that through the Canvas quiz module if I can figure it out. There will be two midterm exams and a final exam, which you will take at home (or somewhere outside of class; we will not meet physically those days). These exams will be open-book and feature a mixture of short-answer and essay questions.

The grading system is as follows:

1. Four graded problem sets. Each problem set is worth 5% of your grade, for a total of 20%.
2. Two short reaction papers you will write on each of two specific policy issues, as noted below. Each is worth 5%, for a total of 10%.
3. Two 75-minute midterm exams. Each exam is worth 20% of your grade, for a total of 40%. You may miss one exam, but in such cases the other midterm and the final exam will be weighted more heavily to make up the difference.
4. One final exam, worth 30%.

A note on attendance: Ordinarily I have a mandatory attendance policy, enforced by students' use of I-Clickers. I do not think this works well in a pandemic, when flexibility is important, so I will not have such a policy. One reason for this is that there are students taking this class in different part of the world and they will not be able to join the live class sessions. I count on you to recognize the value and importance of attending the class, either in person or virtually.

**Despite that, I will have the following incentive for students located in Boulder and elsewhere in the US to attend live classes in person or remotely. I will organize I-Clicker Cloud so that you will get participation points for responding to poll questions. These points will not go into the grading formula above. However, if I find at the end of the semester that you are close to a higher letter grade and you have strong class participation I will take that into account. Put briefly, your participation rate can increase your grade somewhat but not reduce it.**

Problem sets, policy papers, and power point notes will all be placed on the Canvas site.

#### 4. Class Schedule:

<i>Date</i>	<i>Subject</i>	<i>Readings</i>
Aug 25	Introduction: globalization trends and effects	Ch. 1
Aug 27-Sep 1	Basic theory tools and general equilibrium	Ch. 2
<i>Sep 1</i>	<i>Discussion 1: the rise of economic populism</i>	

	Readings: Rodrik, "Populism and the Economics of Globalization," <i>Journal of International Business Policy</i> , 2018.	
	Noland, "Protectionism under Trump: The China Shock, Intolerance, and the 'First White President'" PIIE Working paper, 2019.	
Sep 3-10 Sep 8	Comparative advantage: classical trade model <i>2-page critical reaction paper on either Rodrik or Noland, due to me via email by 5 pm.</i>	Ch. 3
<b>Sep 15</b>	<b>Problem set 1 due via email to TA by 5 pm.</b>	
Sep 15-22 Sep 22	Neoclassical (HO) trade model <i>Discussion 2: The China shock, technology, and inequality</i> Reading: Maskus, policy paper 1	Ch. 4
Sep 24 Sep 29-Oct 6 Oct 6	Product variety, scale economies, and trade Tariffs and trade wars <i>Discussion 3: the US-China trade war</i>	Maskus class notes Ch. 6
	Readings: Branstetter, "China's Forced Technology Transfer Problem – And What to Do About It," PIIE Policy Brief 18-13, 2018. Maskus class notes	
<b>Oct 8</b>	<b>Problem set 2 due via email to TA by 5 pm.</b>	
Oct 8-13 Oct 13	Nontariff barriers and externalities <i>2-page critical reaction paper on Branstetter, due to me via email by 5 pm.</i>	Ch. 7
<b>Oct 15</b>	<b>MIDTERM ONE (online)</b>	<b>Covers Chs. 1-4, 6, Discussions 1, 2, and 3 and all class notes through Oct. 6</b>
Oct 15 Oct 20	US trade policy and the WTO <i>Discussion 4: Challenges for the WTO</i> Reading: Maskus, class notes	Ch. 8
Oct 22 Oct 27-29 Oct 29	Preferential trade areas Labor migration <i>Discussion 5: Evidence on the economics of immigration</i> Reading: Maskus, class notes	Ch. 9 Ch. 10, 224-233
<b>Oct 30</b>	<b>Problem set 3 due via email to TA by 5 pm.</b>	
Nov 3 Nov 3	<i>Discussion 6: Multinational corporations and offshoring</i> Reading: Maskus, policy paper 2 Begin discussion of balance of payments and trade	Ch. 11
<b>Nov 5</b>	<b>MIDTERM TWO (online)</b>	<b>Covers Chs. 7-10, Discussions 4, 5, and 6, and accompanying notes and papers</b>
Nov 10-17 Nov 17	Continue balance of payments and trade <i>Discussion 7: Current-account deficits and external wealth</i> Reading: Maskus, class notes	Ch. 11
Nov 19	Foreign exchange markets basics	Ch. 12

Nov 24 Fixed versus flexible exchange rates Ch. 13  
**NOTE: THE NOV 24 CLASS WILL BE ONLINE ONLY**

**NOV 26 FALL BREAK; NO CLASS**

**Remaining classes will be held online only**

*Dec 1 Discussion 8: What's wrong with the Euro area?*  
Reading: Maskus, policy paper 3

Dec 1-3 Purchasing power parity Ch. 15, 298-302

**Dec 3 Problem set 4 due via email to TA by 5 pm**

**Dec 12 FINAL EXAM (online) Covers Chs. 7-13 and 15, discussions 4-8,  
4:30-7 PM and accompanying notes and papers**

### **5. CU Requirements for COVID-19**

The following statements (in italics) are required to be on all syllabi and they are important, so please read them and follow the guidelines carefully.

*As a matter of public health and safety due to the pandemic, all members of the CU Boulder community and all visitors to campus must follow university, department and building requirements, and public health orders in place to reduce the risk of spreading infectious disease. Required safety measures at CU Boulder relevant to the classroom setting include:*

- *maintain 6-foot distancing when possible,*
- *wear a cloth face covering (over nose and mouth), especially when unable to maintain a distance of at least 12 feet,*
- *clean local work area,*
- *practice hand hygiene,*
- *follow public health orders, and*
- *if sick and*
  - *you live off campus, do not come onto campus (unless instructed by a CU Healthcare professional), or*
  - *you live on-campus, please alert CU Boulder Medical Services.*

*Students who fail to adhere to these requirements will be asked to leave class, and students who do not leave class when asked or who refuse to comply with these requirements will be referred to Student Conduct and Conflict Resolution. For more information, see the policies on COVID-19 Health and Safety and classroom behavior and the Student Code of Conduct.*

*If you require accommodation because a disability prevents you from fulfilling these safety measures, please see the "Accommodation for Disabilities" statement on this syllabus. Before returning to campus, all students must complete the COVID-19 Student Health and Expectations Course, available at <https://www.colorado.edu/protect-our-herd/how#anchor1>. Before coming on to campus each day, all students are required to complete a Daily Health Form, available at <https://www.colorado.edu/protect-our-herd/daily-health-form>. Students who have tested positive for COVID-19, have symptoms of COVID-19, or have had close contact with someone who has tested positive for or had symptoms of COVID-19 must stay home and complete the Health Questionnaire and Illness Reporting Form remotely. In this class, if you are sick or quarantined, notify me that you are ill by email immediately. Note that you do not need to state the nature of your illness.*

## 6. Other University Policies

You should familiarize yourself with the following University of Colorado policies:

1. If you qualify for accommodations because of a disability, please submit to your professor a letter from Disability Services in a timely manner (for exam accommodations provide your letter at least one week prior to the exam) so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities. Contact Disability Services at 303-492-8671 or by e-mail at [dsinfo@colorado.edu](mailto:dsinfo@colorado.edu). If you have a temporary medical condition or injury, see Temporary Medical Conditions: Injuries, Surgeries, and Illnesses guidelines under Quick Links at Disability Services website and discuss your needs with your professor.
2. Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. See full details at [http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html)
3. Students and faculty have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, color, culture, religion, creed, politics, veteran status, sexual orientation, gender, gender identity and gender expression, age, disability, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at <http://www.colorado.edu/policies/classbehavior.html>  
[http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code)
4. The University of Colorado Boulder (CU-Boulder) is committed to maintaining a positive learning, working, and living environment. CU-Boulder will not tolerate acts of discrimination or harassment based upon Protected Classes or related retaliation against or by any employee or student. For purposes of this CU-Boulder policy, "Protected Classes" refers to race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. Individuals who believe they have been discriminated against should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Student Conduct (OSC) at 303-492-5550. Information about the ODH, the above referenced policies, and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://hr.colorado.edu/dh/>
5. All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council ([honor@colorado.edu](mailto:honor@colorado.edu); 303-735-2273). Students who are found to be in violation of the

academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at

<http://www.colorado.edu/policies/honor.html>

<http://honorcode.colorado.edu>