

ECONOMICS 4413-001

International Trade

Spring 2013

Instructor: Thibault FALLY
Office: ECON 11
Office Hours: Tuesday and Thursday 3:30-4:30 PM and by appointment
Email: fally@colorado.edu
Class Time: Tuesday and Thursday, 11:00-12:15 PM
Class Room: ECON 119
Class Website: <https://learn.colorado.edu/>
Clickers required? Yes

NB: Please bring a copy of your transcript on the first day of class to verify the prerequisites!
The new IT system will automatically check prerequisites in the future, but this is not done yet.

Course Overview

This course will analyze the causes and consequences of international trade and investment. We will investigate why nations trade, what they trade, and who gains from this trade. We will examine the role played by multinational firms in this context. We will then analyze the motives for countries or organizations to restrict or regulate international trade and study the effects of such policies on economic welfare.

The structure of the course follows Feenstra and Taylor textbook (see reference below):

1. Introduction:
Where is the course going? What are the fundamental issues? (Chapter 1)
2. Comparative Advantage:
Why do country differences create gains from trade? How does trade affect income distribution? (Chapters 2-4)
3. Multinational Firms:
What effect does foreign investment have on wages? Why do some firms become multinationals while others do not? (Chapter 5)

4. Offshoring, Trade and Wages:

What is offshoring? How is this trend different from earlier trends in globalization? (Chapter 7)

5. Increasing returns to scale & Imperfect Competition:

Does trade reduce monopoly power? What are the gains from increasing variety of consumption goods? Why free trade with Canada is less controversial than free trade with Mexico? (Chapter 6)

6. Trade Policy:

What types of policies affect international trade and how? How trade policies of one country affect well-being in another? (Chapters 8 – 10)

7. Political Economy:

Why countries do not maximize welfare? Why some interest groups are favored over others?

8. International Trade Agreements:

What to make of the WTO. What to make of NAFTA. Why do we or do we not need agreements like the Kyoto protocol. (Chapter 11)

Although the course will emphasize the understanding of past and current events in the world economy, we will rely on formal economic modeling to help us understand these events. We will therefore extensively use micro-economic tools that you have learned in your introductory microeconomics classes. Econ 3070 (Intermediate Microeconomic Theory) is a prerequisite for this course. It is important that you not only be familiar with these tools and models, but that you also feel comfortable using and manipulating them.

Prerequisites

ECON 3070 (Intermediate Microeconomics)

Textbook

Second edition of Robert C. Feenstra and Alan M. Taylor (2011), *International Trade*, Worth Publishers. See:

<http://www.worthpublishers.com/Catalog/product/internationaltrade-secondedition-feenstra>

Grading

Your course grade will consist of assignments, class participation, and two examinations. Your grade will be determined as follows:

Midterm	25%
Second exam	40%
Midterm assignments	10%
Final assignment	15%
Class participation	10%

All exams will be held in the classroom on the following (tentative) dates:

Midterm: Tuesday, March 12th, 2:00-3:15 PM

Second exam: Thursday, April 25th, 2:00-3:15 PM

Due date for the final assignment: Saturday, May 7th, 4:30PM

No exam will be dropped or given early, and there will be no makeup exam (except for the second exam under extreme circumstances that are far beyond a student's control). If you miss the midterm exam, the weight of the second exam will be automatically increased (i.e. the second exam will be worth 65% of the grade).

Exam questions can be on any topic covered during the lectures. The content reviewed in the second exam is cumulative. You should bring a pen/pencil and calculator to the exam. Items such as ipods, graphing or cell phone calculators will not be permitted. You will write on the exam forms, so other paper should be necessary. You may not bring lecture notes.

Attendance to the lectures is mandatory. I require a minimum of 75% presence throughout the semester. The grade for class participation (10%) will be based on class attendance, class participation (you are encouraged to ask questions) and suggestions. I will also use clickers to ask questions, compare answers during the lecture, and take attendance.

Take-home assignments will be posted on the course website and in general will be due within two weeks. There will be approximately one assignment every four weeks. I will announce when the assignments are posted. I will collect the assignments at the beginning of the class when it is due. Due dates will be announced beforehand and can also be found on the course website. Problem sets have to be handed on time (I may penalize or refuse grading late homework).

Office Hours and E-mail

Office hours are for your benefit. They provide an opportunity to ask questions in a small group setting. If you cannot make my office hours (e.g. if you have class at the same time), please email me to arrange alternative meeting times. In any case, I strongly encourage you to email me if you have any question related to the course (question on the lectures, exercises, exam preparation, etc.). I am very responsive in general.

Other Information

Disability Policy

If you qualify for accommodations because of a disability, please submit a letter from Disability Services to me in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, and <http://www.Colorado.EDU/disabilityservices>

Religious Observance Policy

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments, or required attendance. If you have a conflict, please contact me at the beginning of the semester so we can make proper arrangements.

Classroom Behavior Policy

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Faculty has the professional responsibility to treat all students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which they and their students express opinions. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly 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.

Honor Code

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; 303-725-2273). 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> and at <http://www.colorado.edu/academics/honorcode/>.

Discrimination & Harassment Policy

The University of Colorado at Boulder policy on Discrimination and Harassment (<http://www.colorado.edu/policies/discrimination.html>), the University of Colorado policy on Sexual Harassment and the University of Colorado policy on Amorous Relationships applies to all students, staff and faculty. Any student, staff or faculty member who believes s/he has been the subject of discrimination or harassment based upon race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the ODH and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>.