

Economics 4413 International Trade
Fall, 2020
FLMG 33; T-Th 9:35-10:50 AM

Professor Keith Maskus
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SYLLABUS

Keith Maskus; 303-492-7588, keith.maskus@colorado.edu (always use email)

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.

Course Canvas site: <https://cuboulder.instructure.com/courses/63040>

1. Introduction

Welcome to my course, which is an advanced undergraduate treatment of international trade theory and policy. In this course we will study aspects of international trade at a fairly abstract and rigorous level. Although the analysis will be largely graphical in nature, the course materials and lectures will employ some mathematics. Among the issues that will be addressed are: (1) the fundamental determinants of the patterns of trade and the gains from trade; (2) the implications of imperfect competition for trade patterns and welfare; (3) how firms of different sizes and productivities engage in trade and investment; (4) justifications for policies that restrict trade; (5) the effects of trade and investment barriers; (6) the rationale for regional free-trade agreements and multilateral trade rules; and (7) the role of international capital and labor movements. Given sufficient time, we will also read about real-world areas of international trade, including trade institutions, trade liberalization and inequality, the US-China trade war, and interactions between trade policy and environmental regulation.

There are three goals in the course. First, we will develop a solid grounding in the analytical work of modern trade theory. Second, we will master some tools for use in practical trade analysis. Third, we will understand better the circumstances within which international trade policy is made. This is an ambitious agenda and will require sustained effort.

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:

- FLMG 33 is a large conference room that has been repurposed to a classroom. Its capacity rated for teaching in the pandemic is 26 students. Enrollment is capped at 47 students, meaning we will have to split the class into two groups and alternate in-class attendance with remote attendance. Each class period below is listed as an A or B and you should attend, depending on which group to which I assign you (by email). The A versus B schedule is in a table in Section 4 after the course schedule. **NOTE THAT THE FIRST CLASS (AUGUST 25) WILL BE REMOTE FOR EVERYONE SO DO NOT COME TO FLEMING THAT DAY FOR 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

The required text is *International Trade*, 4th edition, by Robert C. Feenstra and Alan M. Taylor (indicated below by F&T). It offers a strong mix of theory and applied economics, including descriptions of recent international policy questions. We will attempt to complete most of the volume, as detailed below, though this will be a challenge. It is important that you understand the course prerequisite, which is successful completion of intermediate microeconomic theory (ECON 3070). In fact, at times you may wish to consult whatever microeconomics text you used in that course. If you have not met this prerequisite I strongly advise you to wait until you have done so before taking Econ 4413. But if you believe you are prepared on the basis of having taken similar course(s) please talk with me as quickly as possible.

Textbook prices are absurdly high, of course (this one, if bought as a new text, would be well over \$250). 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 (\$59.60) 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: **\$59.60**
- 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 9th, 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”.

There are a number of interesting books on globalization, trade and development. Among the more useful are Richard Baldwin, *The Great Convergence* (Belknap/Harvard University Press); Joseph Stiglitz and Andrew Charlton, *Fair Trade for All* (Oxford University Press); Steven Radelet, *The Great Surge: The Ascent of the Developing World* (Simon and Schuster). Spirited defenses of global trade are Jagdish Bhagwati, *In Defense of Globalization* (Oxford University Press) and Martin Wolf, *Why Globalization Works* (Yale University Press). If you are interested in a detailed description of the WTO, consult Narlikar, Daunton and Stern, *The Oxford Handbook on The World Trade Organization* (Oxford University Press) or Bernard Hoekman and Michel Kostecky, *The Political Economy of the World Trading System* (Oxford University Press). Useful sources of current information include *Wall Street Journal*, *New York Times*, and *The Economist*. And excellent analyses of current trade topics are published by the Peterson Institute for International Economics, at piie.com. 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>

4. Class Meetings and Course Structure

Lectures will be held twice a week, except when examinations are scheduled. Exams will be administered online. Real-world examples will be used often to motivate the theoretical and empirical analyses we will cover. Further, portions of several class periods will be set aside for discussion of current international trade topics, such as trade and climate change or immigration. Before these discussions I will make available overview papers or notes that I have written on each subject. In all classes you are encouraged to ask questions and raise points of your own.

There will be two mid-term examinations, each worth 30% of your grade, and one final examination worth 40%. I will also provide you with problem sets in preparation for exams, but their completion is up to you and they will not be graded. Answers will be available on the course

website, as will be examples of examinations from earlier classes so you can see the general format I use. Examinations will cover text materials and trade topics, as noted below.

Old exams, study guides, policy papers, and power point notes will all be placed on the Canvas site.

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 FLMG 33 is CB.

The second format is for those attending class remotely (in this class that will be everyone, half the time). 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>

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.

Course Schedule

We will attempt to stick to this schedule as closely as we can. F&T chapter appendixes are not required unless noted.

1. Introduction and Brief History of Globalization

F&T, Chapter 1

Aug 25

NOTE: THIS CLASS WILL BE HELD ONLINE; DO NOT COME TO FLMG FOR CLASS.

2. Simple Technological Differences and Trade: Ricardian Model

F&T, Chapter 2 Aug 27(A) -Sep 3

3. The Specific-Factors Model

F&T, Chapter 3

Sep 8-10

4. Factor Endowments and Trade: the HO Model

F&T, Chapter 4 Sep 15-24
 Reading: Maskus, Policy Paper 1 (PP1): "Trade, Technology, and Inequality" Sep 24

MIDTERM EXAM ONE (online) Sep 29, Covers Chapters 1-4 and PP1

5. International Factor Mobility

F&T, Chapter 5 Oct 1-8
 Reading: Maskus, Policy Paper 2 (PP2): "Theories of Foreign Direct Investment: Why are there Multinational Enterprises and Global Supply Chains?" Oct 8

6. Increasing Returns to Scale and Trade

F&T, Chapter 6 Oct 13-15

7. Offshoring and Global Value Chains

F&T, Chapter 7 Oct 20-22

MIDTERM EXAM TWO (online) Oct 27, Covers Chapters 5-7 AND PP2

8. Import Tariffs and Quotas, Part 1

F&T, Chapter 8 Oct 29-Nov 5
 Maskus additional class notes on the costs of steel tariffs and the US-China trade war (TW)
Note: Nov 3 class will be online only

9. Import Tariffs and Quotas, Part 2

F&T, Chapter 9 Nov 10-12
 Maskus additional class notes on US trade policy and the WTO (WTO)
Note: Nov 10 class will be online only

10. Trade Policies in Exports and Industrial Policy

F&T, Chapter 10 Nov 17-19
Note: Nov 17 class will be online only

11. Free Trade Agreements and Trade Policy to Address Market Externalities

F&T, Chapter 11 Nov 24, Dec 1-3
 Maskus, Policy Paper 3 (PP3): "Trade and the Environment" Dec 3
Note: these 3 classes (beginning Nov 24) will be online only

November 26 Fall Break; no class

FINAL EXAM: Sunday Dec 13; 7:30-10 PM Covers Chapters 8-11, TW, WTO AND PP3

Table of class dates for attending groups:

Date	Attending group or online	Date	Attending group or online	Date	Attending group or online

Tu Aug 25	Online	Th Oct 1	B	Tu Nov 10	Online
Th Aug 27	A	Tu Oct 6	A	Th Nov 12	A
Tu Sep 1	B	Th Oct 8	B	Tu Nov 17	Online
Th Sep 3	A	Tu Oct 13	A	Th Nov 19	B
Tu Sep 8	B	Th Oct 15	B	Tu Nov 24	Online
Th Sep 10	A	Tu Oct 20	A	Th Nov 26	Fall break
Tu Sep 15	B	Th Oct 22	B	Tu Dec 1	Online
Th Sep 17	A	Tu Oct 27	Online exam	Th Dec 3	Online
Tu Sep 22	B	Th Oct 29	A		
Th Sep 24	A	Tu Nov 3	Online		
Tu Sep 29	Online exam	Th Nov 5	B	Su Dec 13	Online final exam

5. CU Requirements for COVID-19

The following statements 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. 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

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; 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>