

Economics 4413
International Trade
Fall 2021

Instructor: Dr. Billy Mertens
Office: Econ 12 and Zoom: <https://cuboulder.zoom.us/j/5838330659>
E-mail: mertens@colorado.edu Email is by far the best way to contact me. I check my email and respond (if time) every T,R and most M,W,F between 9 and 10am. If there is not enough time to respond to all emails during that time, then I will respond in the afternoon (usually between 3:30 and 4pm). I typically do not check emails over the weekend, but there are some exceptions, and we can set up times to Zoom over the weekend if you give me plenty of advance notice.
Web: canvas.colorado.edu
Office Hours: M,F 1:30-2:45p; W 9-10a; R 8:45-9:45a, and by appointment (please give 5 days' notice for appointments). Because of COVID restrictions, for the time being, all office hours will be on Zoom (link above). If conditions improve, I hope to hold the M,F hours in person.

Course Description:

In this course, we will study the theories, policies, and institutions of international trade. We will study these 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; (4) the effects of trade barriers; and if there is sufficient time, we may cover (5) the rationale for regional free-trade agreements and multilateral trade rules; and (6) the role of international capital and labor movements OR the political economy of trade policy. The economic, political, and social forces underlying many of the issues involved in international trade are complex, multi-faceted, and dynamic. They cannot be fully or easily analyzed in a professional lifetime, much less a one-semester course. They do, however, lend themselves extremely well to critical thinking and rational inquiry, which are the guiding principles of this course. Our goal is to become and remain informed about issues related to international trade and, even more importantly, acquire the ability to think about complex issues in a logical objective manner. Thinking critically is what permits us to differentiate between the illogical and the sensible, between the misleading use of statistics, misleading anecdotal evidence, and the reasonable presentation of information.

Prerequisites:

Students must have completed ECON 3070 and ECON 1088 (or its equivalent). It is NOT sufficient to take these courses concurrently. You not only need to have taken the class, but you must also understand and remember the content. The prerequisites must be strictly enforced – if you did not do well in 3070, it will be difficult to do well in this course!

While this is not a micro-theory course, economics without theory is not economics. You will need micro theory to understand and explain some of the topics. Some of the theory and terms you will need to know include: the *theory of the firm*, the *theory of the consumer*, *efficiency*, when

the market equilibrium will and won't be efficient, *market failure*, types of market failures, and corrections for market failure.

Readings:

We will be using Markusen and Maskus, *International Trade: Theory and Evidence*, Wiley Publishers, 2012. Note that this book is not in regular print. Professor Markusen has been kind enough to allow me to post a pdf version of the text, but please note that typos do exist and so being present for lectures is crucial as we will resolve any text errors you notice in lectures.

Policy on Cheating:

If you are suspected of cheating, I will immediately and without notification forward your case to the honor code office. This is actually the fairest way to proceed. In these instances, if I took it upon myself to make the decision of whether you violated the honor code, there could be bias involved. The honor code council has both students and faculty members, and they are trained to deal with these types of situations. I will accept the honor code decision as final. If the honor code finds that you did not violate the code, then there will be no repercussions, and all grades will be entered based on your submitted work. If you are found to have violated the honor code (see below), by both the honor code council and I, you will automatically fail the course!

Material from a Missed Lecture: If you miss a class, you are responsible for obtaining notes from a classmate and reading the relevant material in the textbook. I encourage you to come to my office hours to discuss the material you missed, but only after you have reviewed the relevant material and prepared specific questions.

Review Sets:

You will also be given review problems that are extremely valuable in preparing for exams. There are 2 sets (a and b) for each exam. The 'a' review sets focus on the concepts, and the 'b' sets focus on problem-solving. Both are essential.

In-class Assignments and Grading of All Group Content:

The material for this class can be very complex and doing problems in class (often in groups with peer-input) has proven to be more beneficial than traditional problem sets and review problems. We will do in-class problems almost every week. You will receive a passing score of 90% just for being present and working on the in-class problems with your group. Additionally, I will sometimes have a random member of a random group demonstrate a problem at the board, and if you are a member of the group that presents, it can raise your grade for these assignments by 0-10%.

Exams:

There will be three exams. All exams are cumulative, and the material does build on itself, so it is important to understand all of the concepts as we go. **Note that the exam dates below are not tentative – exams will be given in class on the days listed. NO EXAMS WILL BE DROPPED!!** If you miss an exam with an official, approved excuse, then the weight of that exam will be added to your final.

Calculators:

On some exams, the use of a calculator may be helpful. I will announce in class the day before exams if you will have the option of using one on the day of the exam. Graphing calculators are NOT permitted. If you do not take a calculator to the exam, then you will have to do without. You cannot use the same calculator as another student, and you cannot use your phone.

Grading:

In-class problems (group assignments)	11%
Exam 1: Friday, September 24 th	21%
Exam 2: Wednesday, November 3 rd	22%
Exam 3: Friday, December 3 rd	21%
Final Exam:	25%

https://www.colorado.edu/registrar/sites/default/files/attached-files/fall2021final_exam_schedule.pdf

Grading Disputes:

If you have a dispute on a test, then you must put your issue in writing and submit it to me. Subsequently, your entire exam will be regraded.

Grade Calculations:

The grade break-down is clearly listed above. You will be given your curved score on each assignment (either posted or returned to you in class). You should easily be able to gauge where you stand in the class. Continual requests from students about how to calculate their grades takes time away from legitimate questions about the material. I will occasionally post overall grades.

Incompletes, Extra Credit, etc.:

I adhere strictly to the University guidelines on Incompletes (“An I is given only when students, *beyond their control*, have been unable to complete course requirements. A substantial amount of work must have been *satisfactorily completed* before approval for such a grade is completed.”). Bad grades, unsatisfactory performance, too many credit hours, work conflicts, etc. are not reasons for an incomplete.

I am adamant about giving each student an equal opportunity to perform well in the course, so there will be no extra credit opportunities that are not offered to the entire class. You should focus your efforts on learning the material and doing well on the exams.

Grading Scale:

<u>Your score</u>	<u>Grade</u>
92% to 100%	A
90% to 91%	A-
88% to 89%	B+
82% to 87%	B
80% to 81%	B-
78% to 79%	C+
72% to 77%	C

70% to 71%	C-
68% to 69%	D+
62% to 67%	D
60% to 61%	D-
Below 59.5%	F

Tentative Course Schedule:

Many sections of the new book are advanced and written more for master's and MBA students. Therefore, we will skip some sections; these sections will be announced in class. Students are responsible for all announcements made in class. I will not be continually updating the website with announcements, etc.

Homework: You should read the relevant chapters in advance of class and come prepared with questions. You should also then review the notes you take in class and come prepared with questions on those notes for the following class.

TEXT 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

MM chapter 2 (Weeks 1-2)

2. Preferences, Demand, and Welfare

MM chapter 3 (Weeks 2-3)

3. General Equilibrium in Open and Closed Economies

MM chapter 4 (Weeks 3-4)

4. The Gains from Trade

MM chapter 5 (Week 4)

TEXT 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.

MM, chapters 6 and 7 (Weeks 4-5 or maybe 6)

2. Differences in Factor Endowments between Countries.

MM chapters 8 and 9 (Weeks 6-9?)

3. Distortions and Externalities as Determinants of Trade.

MM chapter 10

4. Imperfect Competition and Increasing Returns I: oligopoly

MM chapter 11

5. Imperfect Competition and Increasing Returns to Scale II: monopolistic competition MM chapter 12 (we might skip this)

TEXT PART IV: TRADE POLICY

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

1. Tariffs

MM Chapter 18 (Weeks 12-14??)

2. Quotas

MM chapter 19

3. Strategic Trade Policy

MM chapter 20

4. Preferential Trade Areas

MM chapter 21 and/or class notes (Weeks 14-15??)

5. The Political Economy of Trade Policy (Weeks 14-15??)

MM chapter 22 and/or class notes

Additional Notes:

Requirements for COVID-19

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 all public health orders in place to reduce the risk of spreading infectious disease. 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 policy on [classroom behavior](#) and the [Student Code of Conduct](#). If you require accommodation because a disability prevents you from fulfilling these safety measures, please follow the steps in the “Accommodation for Disabilities” statement on this syllabus.

As of Aug. 13, 2021, CU Boulder has returned to requiring masks in classrooms and laboratories regardless of vaccination status. This requirement is a temporary precaution during the delta surge to supplement CU Boulder’s COVID-19 vaccine requirement. Exemptions include individuals who cannot medically tolerate a face covering, as well as those who are hearing-impaired or otherwise disabled or who are communicating with someone who is hearing-impaired or otherwise disabled and where the ability to see the mouth is essential to communication. If you qualify for a mask-related accommodation, please follow the steps in the “Accommodation for Disabilities” statement on this syllabus. **In addition, vaccinated instructional faculty who are engaged in an indoor instructional activity and are separated by at least 6 feet from the nearest person are exempt from wearing masks if they so choose.**

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. In this class, if you are sick or quarantined, please let me know ASAP so that we can make appropriate arrangements. Strictly speaking, you do not have to inform me that you have tested positive (because there are too many lawyers in this country), but you are certainly free to do so. Since there is no fathomable reason for anyone to judge you in any way for having contracted Covid (especially since everyone in class must already be vaccinated), I do not see why you wouldn’t want to let us know of your situation.

Accommodation for Disabilities

If you qualify for accommodations because of a disability, please submit your accommodation letter from Disability Services to your faculty member in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities in the academic environment. Information on requesting accommodations is located on the [Disability Services website](#). Contact Disability Services at 303-492-8671 or dsinfo@colorado.edu for further assistance. If you have a temporary medical condition, see [Temporary Medical Conditions](#) on the Disability Services website.

Preferred Student Names and Pronouns

CU Boulder recognizes that students' legal information doesn't always align with how they identify. Students may update their preferred names and pronouns via the student portal; those preferred names and pronouns are listed on instructors' class rosters. In the absence of such updates, the name that appears on the class roster is the student's legal name.

Honor Code

All students enrolled in a University of Colorado Boulder course are responsible for knowing and adhering to the Honor Code academic integrity policy. Violations of the Honor Code may include, but are not limited to: plagiarism, cheating, fabrication, lying, bribery, threat, unauthorized access to academic materials, clicker fraud, submitting the same or similar work in more than one course without permission from all course instructors involved, and aiding academic dishonesty. All incidents of academic misconduct will be reported to the Honor Code (honor@colorado.edu); 303-492-5550). Students found responsible for violating the academic integrity policy will be subject to nonacademic sanctions from the Honor Code as well as academic sanctions from the faculty member. Additional information regarding the Honor Code academic integrity policy can be found on the [Honor Code website](#).

Sexual Misconduct, Discrimination, Harassment and/or Related Retaliation

The University of Colorado Boulder (CU Boulder) is committed to fostering an inclusive and welcoming learning, working, and living environment. CU Boulder will not tolerate acts of sexual misconduct (harassment, exploitation, and assault), intimate partner violence (dating or domestic violence), stalking, or protected-class discrimination or harassment by or against members of our community. Individuals who believe they have been subject to misconduct or retaliatory actions for reporting a concern should contact the Office of Institutional Equity and Compliance (OIEC) at 303-492-2127 or email cureport@colorado.edu. Information about OIEC, university policies, [reporting options](#), and the campus resources can be found on the [OIEC website](#).

Please know that faculty and graduate instructors have a responsibility to inform OIEC when made aware of incidents of sexual misconduct, dating and domestic violence, stalking, discrimination, harassment and/or related retaliation, to ensure that individuals impacted receive information about their rights, support resources, and reporting options.

Religious Holidays

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. In this class, please give me a few weeks advance notice if you have any religious holidays that conflict with class times, so that we can make appropriate arrangements. See the [campus policy regarding religious observances](#) for full details.

Classroom Behavior

Both students and faculty are responsible for maintaining an appropriate learning environment in all instructional settings, whether in person, remote or online. 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 race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. For more information, see the policies on [classroom behavior](#) and the [Student Conduct & Conflict Resolution policies](#).

Any University policies that are in conflict with my own policies will supersede my policy!

A reply from one student to another on the discussion board for one of my colleague's online classes: "If you read the course syllabus you will find the answer to your questions. If you do not understand what you read, I recommend you read multiple times. After reading the syllabus if you still have questions come back and I will try to help you as much as possible."

