

University of Colorado at Boulder  
Fall Semester 2018

## Econ 4413: International Trade

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LECTURE:	HLMS 141, Tue., Thu. at 2:00am – 3:15am
INSTRUCTOR:	Dr. Sergey Nigai
OFFICE:	ECON 10
EMAIL:	sergey.nigai@colorado.edu
WEB-SITE:	D2L
OFFICE HOURS:	Thursday at 4:00pm-5:30pm, and by appointment

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### COURSE DESCRIPTION AND OBJECTIVES:

The objective of this course is to develop a rigorous understanding of key concepts and mechanisms in international trade. Among others, we will answer the following questions: Why do countries trade? Who are the winners and losers of increasing globalization? How do firms decide what and where to export? How do countries form their trade policies? We will review these and other questions through the lens of both international trade theory and real world data.

### REQUIREMENTS AND PREREQUISITES:

The prerequisite for this course is completion of ECON 3070: Intermediate Microeconomic Theory. It is assumed that you are comfortable with the basic concepts and mathematical tools used in microeconomics. I highly recommend reviewing your notes from microeconomics and calculus.

### REQUIRED AND RECOMMENDED BOOKS

The required text is:

– *Paul Krugman, Maurice Obstfeld and Marc Melitz, International Trade: Theory and Policy, 10th edition, 2015, Prentice Hall.* (earlier editions will also suffice).

you can also use:

– *Paul Krugman, Maurice Obstfeld and Marc Melitz, International Economics: Theory and Policy, 10th edition, 2015, Prentice Hall.* (earlier editions will also suffice).

For in-class debates and general understanding of globalization I recommend reading:

– *Douglas A. Irwin, Free Trade under Fire, Fourth Edition, 2015, Princeton University Press*

- Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, 2011, New York and London: W.W. Norton
- Jagdish Bhagwati, *In Defense of Globalization*, 2007, Oxford University Press

Recommended books are available in the Norlin Library.

## WEB-PLATFORM

You will be able to use D2L platform for most of the class activities including:

- Viewing supporting documents such as syllabus, lecture slides, and answer keys.
- Submitting your homework assignments.
- Viewing your grades.

## CLICKERS

Your in-class participation will be based on the clicker questions. You will get 2 points for a correct answer, 1 point for an incorrect answer, and 0 for no answer. I will discard 6 answers with the lowest score in the end of the semester. You will need an i-clicker. You can purchase it from the bookstore. You must register your clicker at <https://cuconnect.colorado.edu/uPortal/index.jsp>.

## COURSE STRUCTURE:

The course will consist of lectures, in-class exercises, homework, and debates:

- Attendance: It is essential for you to attend the lectures to understand the material. Attending and participating in in-class activities and exercises will count towards the participation component of the final grade.
- In-class exercises: We will have several group in-class exercises and problem sets. These will help you grasp the material better and prepare for the exams. There will be no make up dates for these exercises.
- Homework: There will be six homework assignments. They will be posted on the web and will have a specific deadline (announced in class). I will not accept late assignments unless there is a documented special circumstances.
- In-class debates: You will be randomly divided into groups of 3-4 students. Each group will be assigned a debate topic and position (pro or contra). We will debate about current issues in international trade using economic models, data, and analytical tools. You will be required to do research on the given topic and submit an outline (up to 3 pages) in writing listing your

main arguments and data sources. I will post the schedule and topics for the debates in due time.

#### EXAMS AND GRADING:

We will have two in-class midterms and a cumulative final exam. There will be no make up exams. The weights of the final grade are as follows:

FINAL EXAM:	40%
MAXIMUM OF MIDTERM I AND MIDTERM II:	25%
DEBATES:	15%
HOMEWORK ASSIGNMENTS:	10%
CLASS PARTICIPATION/CLICKER QUESTIONS:	10%

When calculating the final grade for the class, I will use the maximum score you get for either of the two midterms. Hence, if you miss one of the midterms, the score for this test will be automatically dropped. However, if you miss both midterms due to a documented medical reason (you will have to provide proofs for both), the weight of the midterm will be shifted to the final exam. There will be no make up exams or extra-credit assignments. If your scores for both midterms are in top 5% of the class, you will get 10% added to your final exam.

#### COURSE OUTLINE:

This is a tentative lecture schedule that may be subject to revision:

WEEK	TOPIC	CHAPTER
Week 1	Introduction and Overview	Chapter 1,2
Week 2	Comparative Advantage: The Ricardian Model	Chapter 3
Week 3	Specific Factors Model (I)	Chapter 4
Week 4	Specific Factors Model (II), Heckscher-Ohlin Model (I)	Chapter 5
Week 5	Heckscher-Ohlin Model (II)	Chapter 5
<b>Midterm I: Sept. 25th</b>		
Week 6	Standard Trade Model (I), Standard Trade Model (II)	Chapter 6
Week 7	External Economies of Scale	Chapter 7
Week 8	Firms in the Global Economy (I)	Chapter 8
Week 9	Firms in the Global Economy (II)	Chapter 8
Week 10	Firms in the Global Economy (III)	Chapter 8
<b>Midterm II: November 1st</b>		
Week 11	The Instruments of Trade Policy	Chapter 9
Week 12	The Political Economy of Trade Policy	Chapter 10

Week 13	Thanksgiving Break	
Week 14	Trade Policy in Developing Countries	Chapter 11
Week 15	Controversies in Trade Policy, In-class debates (I)	Chapter 12
Week 16	In-class debates (II), Review	

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**Final Exam: Monday, December 17, 4:30 pm-7:00pm**

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## POLICIES:

We will comply with all CU Boulder policies including:

- 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 ([www.colorado.edu/disabilityservices/students](http://www.colorado.edu/disabilityservices/students)). Contact Disability Services at 303-492-8671 or [dsinfo@colorado.edu](mailto:dsinfo@colorado.edu) for further assistance. If you have a temporary medical condition or injury, see Temporary Medical Conditions under the Students tab on the Disability Services website and discuss your needs with your professor.
- Academic Integrity: <http://www.colorado.edu/policies/academic-integrity-policy>
- Examination: <http://www.colorado.edu/policies/final-examination-policy>
- 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. See the campus policy regarding religious observances for full details: <http://www.colorado.edu/policies/observance-religious-holidays-and-absences-classes-andor-exams>
  - Students who miss homework assignment or the midterm exam due to religious holidays must notify me at least two weeks in advance explaining the reason for absence. If this is the case, the weight of the missed homework will be shifted to the remaining assignments and the weight of the midterm exam will be shifted to the final exam. There will be no make up exams or extra-credit assignments.
- Classroom behavior. Students and faculty each 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 race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political

affiliation or political philosophy. 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. For more information, see the policies on classroom behavior and the Student Code of Conduct: <http://www.colorado.edu/policies/student-classroom-and-course-related-behavior>

- The use of electronic devices is generally not permitted. There is now significant amount of research showing that the use of laptops, phones and other electronic devices is detrimental to learning:

- \* <http://journals.sagepub.com/doi/abs/10.1177/0956797614524581?journalCode=pssa>

- \* <http://www.sciencedirect.com/science/article/pii/S0360131512002254>

- If you must use an electronic device for taking notes, use last two rows of the classroom.

- Sexual misconduct, Discrimination, Harassment and/or related retaliation.

- 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 sexual misconduct, discrimination, harassment or related retaliation against or by any employee or student. CUs Sexual Misconduct Policy prohibits sexual assault, sexual exploitation, sexual harassment, intimate partner abuse (dating or domestic violence), stalking or related retaliation. CU Boulders Discrimination and Harassment Policy prohibits discrimination, harassment or related retaliation based on 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 subject to misconduct under either policy should contact the Office of Institutional Equity and Compliance (OIEC) at 303-492-2127. Information about the OIEC, the above referenced policies, and the campus resources available to assist individuals regarding sexual misconduct, discrimination, harassment or related retaliation can be found at the OIEC website.

- Honor code. All students enrolled in a University of Colorado Boulder course are responsible for knowing and adhering to the academic integrity policy. Violations of the policy may include: plagiarism, cheating, fabrication, lying, bribery, threat, unauthorized access to academic materials, clicker fraud, resubmission, and aiding academic dishonesty. All incidents of academic misconduct will be reported to the Honor Code Council ([honor@colorado.edu](mailto:honor@colorado.edu); 303-735-2273). Students who are found responsible for violating the academic integrity policy will be subject to nonacademic sanctions from the Honor Code Council as well as academic sanctions from the faculty member. Additional information regarding the academic integrity policy can be found at the Honor Code Office website: <http://www.colorado.edu/policies/student-honor-code-policy>

In addition, the following policies govern FAQs. Please read carefully before contacting me.

- Missed clicker questions due to absence:
  - I will discard 6 clicker questions with the lowest scores. These include missed questions due to absence. There will be no other way to make up for missed points.
- Missed homework:
  - There will be deadlines (announced in advance in class) for submitting homework assignments. If you miss an assignment due to documented medical reason the weight of this homework will be shifted to the remaining ones. There will be no make-up assignments.
- Missed midterm:
  - If you miss one of the midterms, the score for this test will be automatically dropped. However, if you miss both midterms due to a documented medical reason (you will have to provide proofs for both), the weight of the midterm will be shifted to the final exam. There will be no make up exams or extra-credit assignments.