

Economics 4413 International Trade
Spring, 2019
Economics 119
Class meets MWF 10-11

Professor Keith Maskus
Office: Economics 107; 303-492-7588
Hours: M 3-5; Th, 9-11 and by appointment

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Course Canvas site: <https://cuboulder.instructure.com/courses/25227>

Course Outline

General

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. We will also read about real-world areas of international trade, including trade institutions, trade liberalization and poverty, and interactions between trade policy and environmental regulation.

Thus, 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.

Readings

The required text is *International Trade*, 4th edition, by Robert C. Feenstra and Alan M. Taylor (indicated below by F&T). It is OK to get the 3rd edition but you will need to be sure that you have access to the problems at the end of the chapters in the 4th edition. For that purpose I will place a copy of the text on reserve at Norlin Library. 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, you likely will 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.

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, Dauntton and Stern, *The Oxford Handbook on The World*

Trade Organization (Oxford University Press) or Bernard Hoekman and Michel Kostecki, *The Political Economy of the World Trading System* (Oxford University Press).

Lectures

Lectures will be held three times a week, except when in-class examinations are scheduled. While real-world examples will be used often to motivate the analysis, portions of a few 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 discussion papers that I have written on each subject. In all classes you are encouraged to ask questions and raise points of your own.

Assessment and attendance

There will be two mid-term examinations, each worth 28% of your grade, and one final examination worth 36%. The final 8% will be based on your attendance, as explained next. 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.

I will make use of CU-Clickers in the class. If you don't 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 Econ 119 is BB.

Please note that I have a policy to enforce attendance, which will be managed by your answering questions on the Clickers system in class. You may miss up to 3 classes in the term without informing me. Additional missed class time will require a medical certification or other valid university certification, such as athletic travel. If you miss more than 3 classes without my approval I will assign a zero to that 8% of the grade.

Students who may need academic accommodations for examinations should speak with me no later than January 25.

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 January 14-16

2. Simple Technological Differences and Trade: Ricardian Model

F&T, Chapter 2 January 18-28

3. The Specific-Factors Model

F&T, Chapter 3 Jan 30-Feb 6

4. Factor Endowments and Trade: the HO Model

F&T, Chapter 4 Feb 8-13, Feb 18-20

Reading: Maskus, Policy Paper 1: "How Trade Liberalization Affects Poverty: Concepts"

MIDTERM EXAM ONE

February 15, Covers Chapters 1-3

5. International Factor Mobility

F&T, Chapter 5

Feb 22-March 4

Reading: Maskus, Policy Paper 2: "Economic Gains and Losses from Labor Migration"

Reading: Maskus, Policy Paper 3: "Theories and Impacts of Foreign Direct Investment"

6. Increasing Returns to Scale and Trade

F&T, Chapter 6

March 6, 11-15

MIDTERM EXAM TWO

March 8, Covers Chapters 4-5 and readings

7. Offshoring and Global Value Chains

F&T, Chapter 7

March 18-22

SPRING BREAK

March 25-29

8. Import Tariffs and Quotas, Part 1

F&T, Chapter 8

April 1-8

9. Import Tariffs and Quotas, Part 2

F&T, Chapter 9

April 10-15

Maskus additional class notes on US trade policy and the WTO

10. Trade Policies in Exports

F&T, Chapter 10

April 17-22

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

F&T, Chapter 11

April 24-May 1

Maskus, Policy Paper 4: "Trade and the Environment"

FINAL EXAM, TUESDAY MAY 7, 4:30-7 PM

Covers Chapters 6-11 and readings

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>

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>