

Economics 4413  
International Trade  
Summer 2011

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Office Hours: M,W 11:30-12:15; T 2:30-3; and by appointment.

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 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 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 and investment barriers; (5) the rationale for regional free trade agreements and multilateral trade rules; and (7) the role of international capital and labor movements. The economic, political, and social forces underlying many of the issues involved in international trade are complex, multifaceted, and dynamic. They cannot be fully or easily analyzed in a professional lifetime, much less a 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 rational and the sensible, between the misleading

Grading:

Exam 1: Thursday, June <sup>th</sup> 9	31%
Exam 2: Tuesday, June <sup>th</sup> 21	33%
Exam 3: Friday, July <sup>th</sup> 1	36%

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. Do NOT email me about a grading dispute+ grades cannot be discussed over email and I cannot respond to any grading questions over email!

Incompletes, Extra Credit, etc:

Many students, beyond their control, have been unable to complete course requirements. A substantial amount of work must have been satisfactorily completed before the end of the semester. Economics department policy prohibits I/Ws. 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.

Tentative Course Schedule

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## 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

### 2. Differences in Factor Endowments between Countries.

MM chapters 8 and 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

### 6. Trade Costs

MM chapter 13 (we might skip this chapter)

### 7. Demand Determinants of Trade

MM chapter 14 (we will likely skip this chapter)

## PART III: FACTOR TRADE AND DIRECT FOREIGN INVESTMENT

This section of the course looks at trade in factors of production and direct foreign investment by multinational firms.

### 1. Trade in Factors of Production

MM chapter 15

### 2. Direct Foreign Investment and Multinational Firms

MM chapter 16

### 3. Fragmentation, Offshoring, and Trade in Services

MM chapter 17 (might skip this chapter)

## 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

## 2. Quotas

MM chapter 19

## 3. Strategic Trade Policy

MM chapter 20

## 4. Preferential Trade Areas

MM chapter 21 and/or class notes

## 5. The Political Economy of Trade Policy

MM chapter 22 and/or class notes

### Some Additional Policies

*Material from a Missed Lecture:* If you miss a lecture-based 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.

### 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

### Additional Notes:

#### *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](mailto: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). Additional information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode>

### *Disabilities*

If you qualify for accommodations because of a disability, please submit a letter to the instructor from Disability Services 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, or [www.Colorado.EDU/disabilityservices](http://www.Colorado.EDU/disabilityservices)

### *Religious holidays*

A comprehensive calendar of the religious holidays most commonly observed by CU-Boulder students can be found at <http://www.interfaithcalendar.org/> Review this list and the class syllabus. After reviewing the syllabus, please see the instructor if you believe that you need an accommodation for religious reasons. The instructor should be notified within the first two weeks of classes. Campus policy regarding religious observances states that faculty must make *reasonable* accommodation for them and in so doing, be careful not to inhibit or penalize those students who are exercising their rights to religious observance. For more information see [http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html)

### *Code of Behavior*

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which students express opinions. See policies at <http://www.colorado.edu/policies/classbehavior.html> and at [http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student\\_code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code)

### *Policy on Sexual Harassment*

The University of Colorado Policy on Sexual Harassment applies to all students, staff and faculty. Sexual harassment is unwelcome sexual attention. It can involve intimidation, threats, coercion, or promises or create an environment that is hostile or offensive. Harassment may occur between members of the same or opposite gender and between any combination of members in the campus community: students, faculty, staff, and administrators. Harassment can occur anywhere on campus, including the classroom, the workplace, or a residence hall. Any student, staff or faculty member who believes s/he has been sexually harassed should contact the Office of Sexual Harassment (OSH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the OSH and the campus resources available to assist individuals who believe they have been sexually harassed can be obtained at: <http://www.colorado.edu/sexualharassment/>