

Economics 4413  
International Trade  
Summer 2013

**Instructor:** Billy Mertens  
**Office:** ECON 12  
**E-mail:** [mertens@colorado.edu](mailto:mertens@colorado.edu)  
**Web:** <http://spot.colorado.edu/~mertens>  
**Office Hours:** Tuesdays and Fridays 11am – 12:15pm

**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 ) the role of international capital and labor mo

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

**Grading:**

Participation and discussion	10%*
Exam 1: Friday, May 17 <sup>th</sup>	29%
Exam 2: Friday, May 24 <sup>th</sup>	33%
Exam 3: Friday, May 31 <sup>st</sup>	28%

**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!**

**Policy on Cheating:**

If you are found to have violated the honor code (see below), by both myself and the honor code council, you will automatically fail the course!

**Incompletes, Extra Credit, etc.:**

I adhere strictly to the University guidelines on Incompletes (“An IF 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.”).

Economics department policy prohibits IWs. 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:**

**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.**

**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 weha.63 2/MCID 18BDCc

4. The Gains from Trade  
MM chapter 5

## **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. 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 to your professor a letter from Disability Services