

ECONOMICS 3403 INTERNATIONAL ECONOMICS AND POLICY

Fall, 2020 Course meets Tu-Th 12:45 ó 2:00 pm; Recreation Center room B210

SYLLABUS

Keith Maskus; 303-492-7588, keith.maskus@colorado.edu

Office: Economics 107, but office hours will be held on Zoom.

Hours: Tuesdays, 3:30-5 PM; Wednesdays 9:30-11 AM. I will be available at those times, but on Zoom only, if I get an email request(s) ahead of or during those times. I can also set up Zoom sessions by appointment.

TA: Natalie Ho; natalie.ho@colorado.edu

Hours: Mondays, 3-4 PM; Thursdays 8-9 AM (on Zoom)

Canvas course site: <https://cuboulder.instructure.com/courses/63039>

1. Introduction

Welcome to my class, where we will study the principles of international economics and policy. The world economy has become vastly more interrelated and complex in recent decades, as we all have learned sharply with the global transmission of the Covid-19 pandemic. To say the least, international economic issues have become front-page news recently, ranging from trade wars to immigration bans to financial crises. Growing international interdependence places serious economic pressures, both favorable and unfavorable, on individuals and nations at all levels of income and development. Governments struggle to manage these pressures through various policies. These are fascinating issues with which we should all be familiar.

In this course we study, at a basic level, the theories, policies, and institutions of international trade and finance. We have three primary objectives. The first is to build a logical framework for investigating international economics. The idea is to use that framework to help understand the complexities of international commerce and to assess various policy proposals objectively.

The second goal is to gain a fuller appreciation of the complicated economic interrelationships that link nations and peoples. Consider, for example, the important impacts the emergence of China as a major trader has on global labor markets and the resulting political pressures. Similarly, think about claims that the growth of international trade damag1 0 0 f the global

aspects of both international trade and finance in a reasonably comprehensive way, while adding policy perspective, we will need to study a large volume of materials.

2. Life with Covid-19: My Observations

This pandemic has been deeply disruptive and dangerous since March of this year and it shows no signs of slowing down in the US. We must treat it seriously. Here are a few points to keep firmly in mind:

REC B210 is a large indoor gymnasium that has been repurposed to a classroom. Its capacity rated for teaching in the pandemic is 49 students. This should be enough to accommodate everyone enrolled in the class.

With social distancing, each seat will essentially be in a hexagon with 6 feet between students in all directions. I am told we will need to work out a seating chart to make contact tracing easier in case any students become ill during the semester. That means you will need to sit in the same seat every day.

I am also told there will be sanitary wipes available and you should be prepared to wipe down your desk before class starts.

We all must wear face masks indoors and throughout the class time. I will enforce this point rigorously. If you come without a mask, I will ask you to leave. See also Section 5 below.

Social distancing means I will be a significant distance away from students and speaking through a mask. I will use a microphone to be heard.

I intend to project my slides onto a screen in the classroom so you can see them easily. However, I will be recording the classes and posting them on Canvas soon after each class.

Because I will record the classes, the course can be taken in class or remotely, either synchronously (you join a Zoom call at the time of the lecture) or asynchronously (lectures can be watched at other times).

I hope to encourage discussion of the material (with masks on) during class, both among those who attend and those on Zoom. But if you need to speak to me personally after class, we will walk outside and speak there. Even better would be sending me an email and I will get back to you quickly with an answer.

Section 5 below adds information from CU about its Covid guidelines and expectations, which should be read carefully.

3. Course Materials and Structure

The textbook is *International Economics*, 9th Edition (2013, Pearson Publishers) by Steven Husted and Michael Melvin. I chose this book because I think it has a solid combination of analytical rigor and real-world policy examples. It is now somewhat outdated, so I have added current policy materials for our planned policy discussions. To have sufficient time to cover those, we will not cover the entire textbook. In cases where only parts of a chapter are assigned you will not be responsible for the remaining parts of the chapter. Chapter appendixes are not assigned.

Textbook prices are absurdly high, of course (this one, if bought as a new hard-copy text, would be over \$200). I have arpb0 g0 G(5)JTJETQq0.0g9e-rqFQhapteabsurdly high, of c5

well as in class. This is software that you will download onto your device (laptop, tablet, smartphone, though I would strongly encourage using a laptop). You will need to create an I-Clicker Reef account and link your physical clicker to that Reef account. You will also need to register for the course in your Reef account and link the course to the Canvas course site. Directions are at <https://oit.colorado.edu/services/learning-spaces-technology/cuclickers/help/student-resources>

There will be two 75-minute class periods per week. Thirty minutes of eight class periods will be devoted to in-class discussion of current global policy issues. To get you thinking and involved in those, I will place on the Canvas site brief papers from the policy literature or papers or power point notes I will write outlining the issues involved in each subject (see the outline below). Reading these materials and attending the related class sessions (in person or online) are required activities and questions about the papers will appear on examinations. There will also be four graded problem sets that will be required for you to work through in preparation for examinations. I intend to do that through the Canvas quiz module if I can figure it out. There will be two midterm exams and a final exam, which you will take at home (or somewhere outside of class; we will not meet physically those days). These exams will be open-book and feature a mixture of short-answer and essay questions.

The grading system is as follows:

1. Four graded problem sets. Each problem set is worth 5% of your grade, for a total of 20%.
2. Two short reaction papers you will write on each of two specific policy issues, as noted below. Each is worth 5%, for a total of 10%.
3. Two 75-minute midterm exams. Each exam is worth 20% of your grade, for a total of 40%. You may miss one exam, but in such cases the other midterm and the final exam will be weighted more heavily to make up the difference.
4. One final exam, worth 30%.

A note on attendance: Ordinarily I have a mandatory attendance policy, enforced by I-Clickers. I do not think this works well in a pandemic, when flexibility is important, so I will not have such a policy. One reason for this is that there are students taking this class in different part of the world and they will not be able to join the live class sessions. I count on you to recognize the value and importance of attending the class, either in person or virtually.

Despite that, I will have the following incentive for students located in Boulder and elsewhere in the US to attend live classes in person or remotely. I will organize I-Clicker Cloud so that you will get participation points for responding to poll questions. These points will not go into the grading formula above. However, if I find at the end of the semester that you are close to a higher letter grade and you have strong class participation I will take that into account. Put briefly, your participation rate can increase your grade somewhat but not reduce it.

Problem sets, policy papers, and power point notes will all be placed on the Canvas site.

	Readings: Tqf tkm"ōRqr wrkuo "cpf "vj g"Geqqpo keu'qh'I mdcrlk cvkqp.ō"Journal of International Business Policy, 2018. P qrcpf .ōRtqygevqpkuo "wvf gt"Vtwo r <"Vj g"Ej kpc"Shock, Intolerance, and the -Hktuv"Y j kg'Rt gukf gpwō"RKG"Y qtnkpi 'r cr gt, 2019.	
Sep 3-10 Sep 8	Comparative advantage: classical trade model 2-page critical reaction paper on either Rodrik or Noland, due to me via email by 5 pm.	Ch. 3
Sep 15	Problem set 1 due via email to TA by 5 pm.	
Sep 15-22 Sep 22	Neoclassical (HO) trade model Discussion 2: The China shock, technology, and inequality Reading: Maskus, policy paper 1	Ch. 4
Sep 24 Sep 29-Oct 6 Oct 6	Product variety, scale economies, and trade Tariffs and trade wars Discussion 3: the US-China trade war	Maskus class notes Ch. 6
	Readings: Dtcpuvvgwt. "ōEj kpcō"Hqtegf "Vgej pqmī { "Vtcpuhtg"Rtqdrigo "ō And What to Do Cdqw"K.ō"RKG"Rqne { "Dtlgh"3: -13, 2018. Maskus class notes	
Oct 8	Problem set 2 due via email to TA by 5 pm.	
Oct 8-13 Oct 13	Nontariff barriers and externalities 2-page critical reaction paper on Branstetter, due to me via email by 5 pm.	Ch. 7
Oct 15	MIDTERM ONE (online)	Covers Chs. 1-4, 6, Discussions 1, 2, and 3 and all class notes through Oct. 6
Oct 15 Oct 20	US trade policy and the WTO Discussion 4: Challenges for the WTO Reading: Maskus, class notes	Ch. 8
Oct 22 Oct 27-29 Oct 29	Preferential trade areas Labor migration Discussion 5: Evidence on the economics of immigration Reading: Maskus, class notes	Ch. 9 Ch. 10, 224-233
Oct 30	Problem set 3 due via email to TA by 5 pm.	
Nov 3 Nov 3	Discussion 6: Multinational corporations and offshoring Reading: Maskus, policy paper 2 Begin discussion of balance of payments and trade	Ch. 11
Nov 5	MIDTERM TWO (online)	Covers Chs. 7-10, Discussions 4, 5, and 6, and accompanying notes and papers
Nov 10-17 Nov 17	Continue balance of payments and trade Discussion 7: Current-account deficits and external wealth Reading: Maskus, class notes	Ch. 11
Nov 19	Foreign exchange markets basics	

Nov 24 Fixed versus flexible exchange rates
NOTE: THE NOV 24 CLASS WILL BE ONLINE ONLY

Ch. 13

NOV 26 FALL BREAK; NO CLASS

Remaining classes will be held online only
Dec 1

6. Other 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

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>