

# **University of Colorado**

grades will be dropped in the calculation of the final grade. There will be a comprehensive final exam on the last day of class, August 6<sup>th</sup>.

Class participation is valuable not only for the individual participating but also for the rest of the class that benefits from the questions asked or answers provided. Therefore, attendance will be taken every day in class. Students that participate frequently will be given the benefit of the doubt when their exam scores are border line.

*Readings:* F-T, Chapter 5  
Markusen, "The Boundaries of Multinational Enterprises and the Theory of International Trade," *Journal of Economic Perspectives*, 1995.

#### **4. Outsourcing**

*Goals:*

- Understand what is meant by outsourcing
- Learn how outsourcing differs from other features of globalization

*Reading:* F-T, Chapter 7 (pp. 227-251 only)

#### **5. Increasing returns to scale & Imperfect Competition**

*Goals:*

- Analyze how trade affects market power
- Analyze the effects of trade on productivity
- Explain why very similar countries, such as the U.S. and Canada, trade so much.
- Understand why trade with Canada is less controversial than trade with Colombia

*Reading:* F-T, Chapter 6 (pp. 185-201 only)

#### **6. Trade Policy**

*Goals:*

- Learn the types of policies that governments use to affect international trade
- Show how these policies affect trade
- Analyze how these policies affect welfare
- Investigate the conflicts that arise between countries

*Readings:* F-T, Chapter 8  
F-T, Chapter 9  
Hansen and Prusa, "Does Administered Protection Protect?" *Cato Review of Business and Government*, 2000  
F-T, Chapter 10 (pp. 355-372)

#### **7. The Political Economy of Trade Policy**

*Goals:*

- Connect economic theory to politics
- Analyze how do political factors affect trade policy?

*Reading:* Baldwin, "The Political Economy of Trade Policy," *Journal of Economic Perspectives*, 1989.

#### **8. International Trade Agreements.**

*Goals:*

- Understand the reason for the existence of the World Trade Organization (WTO)

- Explain why the WTO is set up the way that it is
- Analyze the successes and failures of the WTO

*Readings:* F-T, Chapter 11 (pp. 391-406 only)

### **Tentative Schedule of Readings**

Week 1: Chapters 1, 2, and Handout  
Week 2: Chapters 3 and 4  
Week 3: Chapters 5, 7, and Markusen article  
Week 4: Chapters 6, 8, Hansen & Prusa article, and Chapter 9  
Week 5: Chapter 10, Baldwin article, and Chapter 11