Overview
This is an undergraduate course in trade and economic development. It will have three main parts. Part I will deal with what we know about the role of international trade in the process of economic development: how trade has grown over recent centuries, the particular role of trade in agriculture, and concerns over globalization and the welfare of developing countries. Part II will consider what economists theorize about international trade – how we know about trade and development. We will consider traditional theories of trade and their successors: mercantilism, classical and neoclassical approaches, dependency theories, and strategic theories. Part III of the course will discuss the institutions that make trade and development happen: the private financial sector, the IMF, World Bank and World Trade Organization, UNCTAD, and the role of NGOs. In summary, Part I of the course will be primarily empirical. Part II will be mainly theory. Part III will be institutional.

Course Requirements
There will be three exams, two assignments and a final. The three exams will be given in class. The final exam will be a take-home, due on the day the final would be given.

The two assignments will be given in February and March.

Grading
The course grade will be based on the exams (20% each), the final (20%), and each assignment (10%).

Key Dates
February 3: First assignment due
February 28: First exam
March 17-21 SPRING BREAK
March 24: Second assignment due
April 14: Second exam
May 5: Third exam
May 15: Final exam due (take home)
The main texts for the course will be:

  (On 2-hour reserve in Magrath Library and Wilson Library)

  (On 2-hour reserve in Magrath Library and Wilson Library)

  ALSO: the APEC3007 Library Course Page is here:  
  [https://www.lib.umn.edu/course/APEC/3007](https://www.lib.umn.edu/course/APEC/3007)  
  (you will see this book listed - click on it to access the e-Book version)

  (On 2-hour reserve in Magrath Library and Wilson Library)

- Readings can be accessed at this link through eReserve:  
  [https://reserves.lib.umn.edu/](https://reserves.lib.umn.edu/)  
  (you will need to log in with your UofM x500 and password to view the page)

Introduction and Overview

Part I: What Do We Know About Trade and Development?

A. A Political-Economic View (*January 22-29*)


  **FIRST ASSIGNMENT DUE: FEBRUARY 3**

B. Historical Perspective (*February 3-7*)

  *(Hereafter O’Rourke and Williamson)* Chapters 1-2, pp. 1-28.

C. Transportation Revolutions and Globalization (February 10-14)
- O’Rourke and Williamson, Chapter 3, pp. 29-55.

D. The Corn Law Debate in the 19th Century (February 17)
- O’Rourke and Williamson, Chapter 5, pp. 77-92.

E. Trade Policy and Growth (February 19-21)

F. Protectionism in Practice: The Doha Round Debate (February 21-24)

G. Exam Review (February 26)

**FIRST EXAM: February 28**

Part II: How Do We Know About Trade and Development? Theories of Trade

A. Mercantilism (March 3-7)

B. Ricardian Classicism – Absolute and Comparative Advantage (March 10-14)
SPRING BREAK: March 17-21

C. A Simple Ricardian Model (March 24-28)


- Krugman and Obstfeld, Chapter 4, “Specific Factors and Income Distribution,” pp. 50-79.

SECOND ASSIGNMENT DUE: MARCH 24

D. Neoclassical Trade Theory: The Standard Trade Model (March 31-April 9)

- Krugman and Obstfeld, Chapter 5, “Resources and Trade: The Heckscher-Ohlin Model,” pp. 80-110.

- O’Rourke and Williamson, Chapter 4, pp. 57-75.

E. The Standard Trade Model continued (April 7-11)

- Krugman and Obstfeld, Chapter 5, “Resources and Trade: The Heckscher-Ohlin Model,” pp. 80-110.


SECOND EXAM: April 14

F. External Economies of Scale and Imperfect Competition (April 16-23)


G. Exam Review (April 25)

THIRD EXAM: APRIL 28

Part III. National and International Instruments: International Trade Policy (April 30-May 9)

A. The Instruments of Policy

B. International Institutions: the IMF, World Bank and WTO

International Monetary Fund (IMF)


The World Bank


The World Trade Organization


**FINAL EXAM DUE:**
**THURSDAY, MAY 15, 2014**
**1:30-3:30 p.m.**