ApEc 3007 - Applied Macroeconomics: Policy, Trade and Development
(3 Credits)

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Class day/time:  M/W/F – 9:35-10:25 a.m.
Location:  B22 Ruttan Hall
Office Hours:  M/W/F - 9:00-9:30 a.m. by appointment

Prequisites:  1101 or ECON 1101, or 1101H or ECON 1101H, 1102 or ECON 1102 or 1102H or ECON 1102H; 3001, 3006 recommended

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 history.

Student Learning Outcomes
The University has identified seven student learning outcomes (SLOs) for graduates with a bachelor’s degree (www.slo.umn.edu/). This course is principally designed for the following SLOs:
- Can identify, define, and solve problems
- Can locate and critically evaluate information
- Can communicate effectively

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 April.
Extra Credit
A total of 5 extra course points (out of 100) will be awarded to any student who visits the Mill City Museum in Minneapolis and writes a 2-page summary and analysis. This may be turned in any time up until the last day of class.

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 24: First exam
March 9-13: SPRING BREAK
March 30: Second assignment due
April 17: Second exam
May 1: Third exam
May 13: Final exam due (take home)

Texts
The main texts for the course will be:

  *(On 3-hour reserve in Magrath Library and Wilson Library)*

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  **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 3-hour reserve in Magrath Library and Wilson Library)*

Required Policy Statements
The University of Minnesota requires that syllabi include references to the policies on student conduct; use of personal electronic devices in the classroom; scholastic dishonesty; makeup work for legitimate absences; appropriate student use of class notes and course materials; grading and transcripts; sexual harassment; equity diversity, equal opportunity and affirmative action; disability accommodations; mental health and stress management; and academic freedom and responsibility. Please see: [http://policy.umn.edu/education/syllabusrequirements-appa](http://policy.umn.edu/education/syllabusrequirements-appa)
Introduction and Overview

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

A. A Political-Economic View (January 22-31)


**FIRST ASSIGNMENT DUE: FEBRUARY 3**
(deliver hard copy to 332 Ruttan Hall)

B. Historical Perspective (February 3-7)


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 Economic Development (February 19-24)


F. Protectionism in Practice: The Doha Round Debate and the TPP (February 19-21)


FIRST EXAM: February 24

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

A. Mercantilism (February 26-28)


B. Ricardian Classicism – Absolute and Comparative Advantage (March 2-6)


SPRING BREAK: March 7-15

C. A Simple Ricardian Model (March 16-27)


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

SECOND ASSIGNMENT DUE: MARCH 30

D. Neoclassical Trade Theory: The Standard Trade Model (April 1-6)

- 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 8-15)

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


SECOND EXAM: April 17

F. External Economies of Scale and Imperfect Competition (April 20-27)


THIRD EXAM: MAY 1

Part III. National and International Instruments: International Trade Policy (April 29-May 4)

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 TAKE-HOME EXAM DUE: MAY 13
(deliver hard copy to my office: 332K Ruttan Hall)