Objectives of the course: (1) Learn about the causes and effects of international trade and trade policy. (2) Improve quantitative analytic skills to interpret economists’ answers to ‘how big’ and ‘what if’ questions, and to apply these skills yourself to understanding the world economy.

Memorizing is not a successful strategy in this course; practicing analysis is. Practicing is done with exercises: besides those assigned it is best to do all of them. The textbook website has further support materials including exercises. Practice also by critically reading the textbook and following lectures. Past experience indicates it is very useful to read the text before the lecture.

Practice thinking like an economist as you read or listen to popular descriptions of economic affairs; you will enjoy understanding more about the world and become more adept at taking exams in economics. Also, you may impress your friends (though this can easily backfire) and eventually prospective employers or clients.
Ee 371 Course Requirements:
The midterm exam is March 15 (40%). The final exam (40%) will be at the scheduled time. Exams missed without prior consent of instructor (given only in extraordinary circumstances) will be graded "F." I never give makeup exams.

Weekly problem sets determine the remaining 20% of the grade. Collaboration on problem sets is encouraged. Answer sheets will be provided on LMS 24 hours prior to the deadline. Grade yourself based on your understanding after checking the answers. If your self evaluation significantly exceeds your exam performance, your problem set grade will be discounted.

Class participation counts in determining whether you get the benefit of the doubt.

The reading list is limited. I may occasionally supplement the reading list with current material from the flood of media generated articles on international issues, particularly from the Economist. Students should do likewise independently.

Academic integrity is central to the mission of higher education. Please observe the highest standards of academic integrity in this course. Please review the standards and procedures that are published in the university catalog and on the web, at: (http://www.bc.edu/offices/stserv/academic/resources/policy/#integrity). Make sure that the work you submit is in accordance with university policies. If you have any questions, please consult with me. Violations will be reported to the Deans' Office and reviewed by the College's Committee on Academic Integrity. This could result in failure in the course or even more severe sanctions.
Course Materials


Supplemental notes are distributed on LMS, as are lecture slides following the lectures.

* denotes optional reading

OTHER Sources


Web Sites

Feenstra-Taylor 2nd edition text site:
http://bcs.worthpublishers.com/feenstrataylor2_intltrade/default.asp#t_640569

This site has many suggestions for applications of the analyses and links to other sites with opinion and data.
WTO: [www.wto.org](http://www.wto.org) vast amount of information about the WTO and its dispute settlement processes. (How secretive is this organization?)

Trade negotiations web page:  
[http://www.cid.harvard.edu/cidtrade](http://www.cid.harvard.edu/cidtrade) lots of news and opinion on a wide range of trade negotiation issues.


The Economist: [www.economist.com](http://www.economist.com). Lots of their excellent current stories and opinion are free.


Course Outline

Background and Outline
FT ch. 1, Irwin ch. 1

I. Trade Patterns, Size and Trade Costs
Notes (www2.bc.edu/~anderson/GravityNotes.pdf)

Exercises: On LMS

II. Determinants of Trade and Factor Returns

1. Technology and Trade: Ricardian Model
   FT, ch. 2
   Exercises: FT text Ch. 2 exercises 1-8
2. Gainers and Losers from Trade: The Specific Factors Model
   FT, ch. 3
   Exercises: FT text Ch. 3 exercises 1-10
3. Factor Endowment Proportions and Trade: the Heckscher-Ohlin Model
   FT, ch. 4
   Exercises: FT text Ch. 4 exercises 1-6
4. Factor Movements
   FT, ch. 5
   Exercises: FT text Ch. 5 exercises 1-8
5. Economies of Scale and Monopolistic Competition
   FT, ch. 6
   Notes
   Exercises: FT text Ch. 6 exercises 1-4, 8, 9
6. Offshoring
   FT, ch. 7
   Exercises: FT text Ch. 7 exercises 1-3, 6-8

III. International Policy
1. Trade Policies with Perfect Competition
   FT, ch. 8
   Exercises: FT text Ch. 8 exercises 1-11
2. Trade Policies with Imperfect Competition
   FT, ch. 9, sections on dumping (9.4) and infant industry protection (9.5) only
3. Export Subsidies: Agriculture and High Tech
   FT, ch. 10
   Exercises: FT text Ch. 10 exercises 1-6, 8, 9
4. Political Economy of Trade Policy, may skip or abridge this.
   ch. 19 of Markusen, Melvin, Kaempfer and Maskus text
   Anderson notes and slides
5. International Agreements
   FT, ch. 11
   Notes (www2.bc.edu/~anderson/Institutions.pdf)
   Exercises: FT text Ch. 11 exercises 1, 2, 4-8.

6. Exchange Rates as Trade Policy
   Anderson slides and notes