

**Boston College**  
**Department of Economics**  
**Intl 3371/Econ 3371: International Trade**

Fall 2018, TTh 9, Gasson 303

Danial Lashkari

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## Course Description

Throughout human history, trade in goods, services, and ideas has always played a key role in shaping economic and political life across different societies. In the post-war period, such cross-national exchanges have grown particularly rapidly due to advances in transportation and communication technology and the emergence of stable multinational trade agreements. Today, international trade has created an interconnected economic structure linking producers of different products and services and consumers across many different countries. The world has thus become “globalized.” This course aims to help the students develop a core understanding of the determinants of international trade and the consequences of globalization. It aims to answer questions such as:

- Why do countries engage in international trade?
- What are the main consequences of trade?
- Is globalization a good thing? Who benefits more from it?
- Can we quantify the benefits of trade?

Along with answering the above questions, the course also aims to deepen the students’ understanding of the key elements of economic analysis: investigating broad empirical regularities observed in economic data, constructing explanations for the observed facts through economic models, and testing these models based on more detailed economic data. The goal is for the students to develop the analytical skills that enables them to evaluate the quality of a given economic argument. Beyond the material covered in the course, practice and repeated exposure is the best way to deepen these skills. The students would find it useful, and also hopefully enjoyable, to read magazines such as the Economist or listen to podcasts like Planet Money that discuss various world and social affairs through the lens of economic analysis.

## Textbooks

Robert C. Feenstra and Alan Taylor, *International Trade* 4th Ed., Macmillan, 2017 (FT).

Paul R. Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics: Theory and Policy*, 11th Ed., Pearson, 2018 (KOM).

## Requirements

**Class preparation and participation (4%):** The students are strongly encouraged to read the material to be covered in each lecture beforehand. Preparation before the lecture allows the students to benefit more from the ideas discussed during the lecture, and enhances their participation in the discussions.

**Problem Sets (16%):** Four problem sets each constitute 4% of the final grade (see the course schedule below for the due dates).

**Midterm Exams (40%):** Two midterm exams before the fall and thanksgiving breaks cover the material up to the first and second third of the course, respectively. They each constitute 20% of the final grade (see the course schedule below).

**Final Exam (40%):** The final exam will be held on December 15 (see the course schedule below).

## Policies

**Missed Exams:** Exams missed without prior consent of instructor (given only in extraordinary circumstances) will be graded "F." Under those conditions, and with the prior consent of the instructor, the student who missed one of the two midterm exams will receive the average of their other midterm and the final exam as the grade for the missed exam.

**Phones and Laptops:** Please refrain from using your phones during the class. You are allowed to bring your laptops to the class and take notes on them. However, please note that you are expected to participate and be engaged while in class and not surf the web or check your email. Remember that your class participation is evaluated in every class.

**Correspondence:** I will try to reply to your emails within 24 hours if you email me during the work week, and by the next Monday if you email me over the weekend. Please make sure to include "ECON371" in the subject line of any e-mails you send me. If your question cannot be answered in one brief paragraph, or requires a longer exchange, please arrange to discuss it with me in person instead.

**Late assignments:** Missing the due date for each assignment results in losing half of the grade for the assignment. Please let me know in advance if serious or unforeseen circumstances arise.

**Academic integrity:** Please refer to Boston College's policy on academic integrity (<http://www.bc.edu/integrity>). You are encouraged to discuss the material and assignments together, but any work you turn in must be your own. If you use any sources or outside help, whether from classmates, internet, or other published work, you must acknowledge them. Failure to follow this basic rule will have very serious consequences for you. If in doubt, always come and talk to me.

# Course Schedule and Outline

M	D	Cl.	Lec.	Topic	Material	Note	
<b>Aug</b>	28	Tu	1	<b>1</b>	Introduction	FT <sup>1</sup> Ch. 1	
	30	Th	2	<b>2</b>	Ricardian Model	FT Ch. 2	
<b>Sep</b>	4	Tu	3			Pset 1 Posted	
	6	Th	4	<b>3</b>	Specific Factor Model	FT Ch. 3	
	11	Tu	5				
	13	Th	6	<b>4</b>	Factor Endowment Model	FT Ch. 4	Pset 1 Due, Pset 2 Posted
	18	Tu	7				
	20	Th	8	<b>5</b>	Capital and Labor Flows	FT Ch. 5	
	25	Tu	9				
	27	Th	10	<b>6</b>	Increasing Returns and Monopolistic Competition	FT Ch. 6	Pset 2 Due, Pset 3 Posted
<b>Oct</b>	2	Tu	11				
	4	Th	12			Midterm I	
	9	Tu				Fall Break (no classes)	
	11	Th	13	<b>7</b>	Offshoring	FT Ch. 7	
	16	Tu	14				
	18	Th	15	<b>8</b>	Trade Policy under Perfect Competition	FT Ch. 8	
	23	Tu	16				
	25	Th	17	<b>9</b>	Trade Policy under PImperfect Competition	FT Ch. 9	Pset 3 Due, Pset 4 Posted
	30	Tu	18				
<b>Nov</b>	1	Th	19	<b>10</b>	Export Policy	FT Ch. 10	
	6	Tu	20				
	8	Th	21	<b>11</b>	Political Economy of Trade	KOM <sup>2</sup> Ch. 10	Pset 4 Due
	13	Tu	22				
	15	Th	23			Discussion (time permitting)	
	20	Tu	24			Midterm II	
	22	Th				Thanksgiving (no classes)	
	27	Tu	25	<b>12</b>	International Trade Agreements	FT Ch. 11	
	29	Th	26				
<b>Dec</b>	4	Tu	27	<b>13</b>	Topics on Trade Policy	KOM Ch. 11-12	
	6	Th	28			Discussion (time permitting)	
	11	Tu				Study Days (no classes)	
	15	Th				Final Exam	

<sup>1</sup>Robert C. Feenstra and Alan Taylor, *International Trade* 4th Ed., Macmillan, 2017.

<sup>2</sup>Paul R. Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics: Theory and Policy*, 11th Ed., Pearson, 2018.