BOSTON COLLEGE
Department of Economics
EC271 Syllabus
International Economic Relations
Spring 2012
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I have a limited reading list in the belief that less is more in learning economics. I expect to occasionally supplement the reading list with some current material from the flood of media generated data on trade issues, particularly from the Economist. I encourage students to do likewise.

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.

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. Past experience indicates it is very useful to read the text before the lecture.
Ec 271 Course Requirements:
The midterm exam is March 12 (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." We never give makeup exams. Weekly problem sets will constitute the remaining 20% of the grade.

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

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.

* denotes optional reading

OTHER Sources


**Web Sites**

**Feenstra-Taylor 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  lots of news and opinion on a wide range of trade negotiation issues.

**USTR reports:** [http://www.ustr.gov/reports/index.html](http://www.ustr.gov/reports/index.html). USTR is the negotiation arm of US trade policy making; these are its briefs for disputes.

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


**Deardorff’s Glossary of International Economics terms:** http://www-personal.umich.edu/~alandear/glossary/

**The Financial Times:** [www.ft.com](http://www.ft.com). They are especially strong on international finance topics, with frequently excellent reporting and analysis.
International Monetary Fund: www.imf.org. This is the premier internet source for international macroeconomic data. Their annual World Economic Outlook is very widely read.

First Half Course Outline (International Trade and Policy)

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

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

II. Determinants of Trade and Factor Returns

1. Technology and Trade: Ricardian Model
FT, ch. 2
Exercises: 1-5,7

2. Gainers and Losers from Trade: The Specific Factors Model
FT, ch. 3
Exercises: 3-6, 8-10

3. Factor Endowment Proportions and Trade: the Heckscher-Ohlin Model
FT, ch. 4
Exercises: 1-6

4. Factor Movements
FT, ch. 5
Exercises: 1-8

5. Economies of Scale and Monopolistic Competition
FT, ch. 6
Exercises: 1-4,8,9

6. Trade Policies
FT, ch. 7
Exercises: 1-7

7. International Agreements
FT, ch. 9
Notes (www2.bc.edu/~anderson/Institutions.pdf)
Exercises: 1-5, 8
Second Half Course Outline (International Macroeconomics and Finance)

I. Exchange Rates in the Short and Long Run

1. Introduction to Exchange Rates
   FT, ch. 10
   Exercises: 1, 3, 6, 7.

2. The Foreign Exchange Market: Exchange Rates in the Short Run
   FT, ch. 11
   Exercises: 3, 5, 7, 8, 9.

3. The Money Market: Exchange Rates in the Long Run
   FT, ch. 12
   Exercises: 2, 4, 5, 6, 10.

II. International Capital Markets and Policy in the Open Economy

4. National Accounts and Capital Markets in the Open Economy
   FT, ch. 13
   Exercises: 3, 4, 8, 9.

5. Fiscal and Monetary Policy in the Open Economy
   FT, ch. 14
   Exercises: 2, 3, 5, 6.

II. Currency and Financial Crises

6. Exchange Rate Regimes and Currency Crises
   (Notes and exercises will be given out during the course)

7. The Euro, Sovereign Default, and the 2008 Financial Crisis
   (Notes and exercises will be given out during the course)