

BOSTON COLLEGE
Department of Economics

EC371
International Trade
Fall 1997

Professor J. Anderson
Tel.: 552-3691
Email: anderson@bc.edu
Office: 240 Carney
Office Hours:
TTh 3-4pm or by appt.

Course Requirements:

The first term exam is Oct. 2 (30%). The second term exam is Nov. 5 (30%). Dates may be revised but you will have at least two weeks notice. The final exam (40%) will be at the scheduled time, Dec. 12 at 12:30pm. Exams missed without prior consent of instructor (given only in extraordinary circumstances) will be graded "F." I never give makeup exams.

Homework assignments count in determining whether you get the benefit of the doubt. The pace is indicated by the parenthetic estimates of the number of lectures per chapter.

Past experience indicates it is very useful to read the text before the lecture.

TEXT: W. Ethier, Modern International Economics, 3rd Ed., Norton, 1995. There is also a study guide available in the bookstore.

* denotes optional reading

OTHER MAJOR TEXTS AND SOURCES:

1. J. Markusen, J. Melvin, W. Kaempfer and K. Maskus International Trade: Theory and Evidence, McGraw-Hill, (1995). A bit more technical but clearer on some points. There is an excellent chapter on political economy.
2. P. Krugman and M. Obstfeld, International Economics: Theory and Policy. The market leader text, deceptively sophisticated.
3. A Dixit and V. Norman, The Theory of International Trade, Cambridge University Press, 1980. A landmark advanced graduate text, highly technical. Remarkably readable in its non-technical sections.
4. Surveys in International Trade, edited by L. Alan Winters and David Greenaway, Oxford: Basil Blackwell, 1994. A set of survey articles on the major areas of interest to international trade scholars. MA level, but much of it is non-technical.
5. American Trade Politics, 2nd Ed., I.M. Destler, Institute for International Economics, 1992. A very interesting survey of the politics of international trade policy.

Syllabus

- I. Determinants of Trade
1. The Supply Side: Comparative Advantage
Reading: Ethier, Ch. 1 (2-3 lectures)
 2. Supply Side and Scale Economies
Reading: Ethier, Ch. 2 (1-2 lectures)
 3. Market structure and trade
Reading: Ethier, Ch. 3 (1-2 lectures)
- II. More detailed models
1. International equilibrium
Reading: Ethier, Ch. 4 (2-3 lectures)
 2. Factor endowments
Reading: Ethier, Ch. 5 (3 lectures)
 3. Explaining trade patterns
Reading: Ethier, Ch. 6 (1 lecture)
- II. Applications of trade theory
1. Tariffs and Trade Theory
Readings: Ethier, Ch. 7 (2-3 lectures)
D. Tarr and M. Morkre, Aggregate Costs of Tariffs and Quotas, FTC
G. Hufbauer and K. Elliott, Measuring the Costs of Protection in the US
 2. Why Nations Restrict Trade
Reading: Ethier, Ch. 8 (1-2 lectures)
*R.D. Roberts, The Choice: A Fable of Free Trade and Protectionism
 4. Political Economy of trade
Readings:
Ethier, ch. 9
Markusen et al., ch. 19.
*I.M. Destler, American Trade Politics, 2nd Ed.
J. Bhagwati, Protectionism, MIT Press, 1989, chs 4 and 5.
*L. Tyson, Who's Bashing Whom, 1993
 5. Factor Movements
Readings: Ethier, Ch. 10 (2 lectures)
*G. Borjas, "The Economics of Immigration", J. Econ. Lit., Dec. 1994, 1667-1717.

6. Trade and Wages

Readings:

*R. Feenstra and G. Hanson, "Productivity Measurement and the Impact of Trade and Technology on Wages", NBER Working paper 6052.

*E. Leamer, "In Search of Stolper Samuelson Effect on US wages", NBER working paper 5427.

*P. Krugman, "Technology, Trade and Factor Prices", NBER working paper no. 5355.

7. Economic Integration (1-2 lectures)

Readings: Ethier, ch. 20

NAFTA, Hufbauer and Schott, Institute for International Economics, 1992

*NAFTA, What Comes Next?, 1994, S. Weintraub, Washington: CSIS.

*list of websites with information on NAFTA and hemispheric integration:

www.wws.princeton.edu/~grossman/nafta.htm

*1997 report of US government on NAFTA and further integration, available at:

www.ustr.gov/reports/index.html

8. Trade, Development and Transition

Reading: Ethier, Ch. 21

(1lecture)

*World Development Report, 1996, part one.