

BOSTON COLLEGE
Department of Economics

EC371
International Trade
Spring 1996

Professor J. Anderson
Ext.: 3691
Office: 240 Carney
Office Hours:
TTh 10:30-11:45 or by appt.

Course Requirements:

The first term exam is Feb. 20 (30%). The second term exam is April 4 (30%). Dates may be revised but you will have at least two weeks notice. The final exam (45%) 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.

The remaining 5% of your grade will be based on a class presentation debunking a current (within the last year) popular press article on trade and/or trade policy in terms of knowledge from this course.

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.

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.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.
3. 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.
4. "A Survey of World Trade", Clive Crook, The Economist, 22-28 Sept, 1990
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. 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.
 7. Trade, Development and Transition
Reading: Ethier, Ch. 21 (1lecture)

