Syllabus

Instructor

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Teaching Fellow

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Logistics

Lecture days and time: Tuesday-Thursday 2.00-3.15pm
Lecture location: CAS 203
Course Webpage: on Blackboard

Course Overview

This course analyzes the causes and consequences of international trade. We will study why nations trade, what they trade, the role of firms in international trade, and who gains from trade. The first part of the semester will be devoted to acquire the skills to answer the questions above. Equipped with the tools of trade theory, we will then move on to analyze the effects of trade on the labor market and broader topics related to globalization: multinational production, foreign direct investment, outsourcing, and migration.

The starting point of the analysis will be the understanding of past and current events in the world economy. We will use formal modeling to understand these events. I will sometimes outline empirical procedures to test the theories.
**Background and Prerequisites**

Students should have completed the following courses:
- MA 121 or 123 or 127 (Calculus)
- EC 201 (Intermediate Microeconomics)

Calculus is a necessary prerequisite, as the techniques of unconstrained and constrained optimization will be used extensively in this course. If you have not taken Intermediate Microeconomics yet, you may take it concurrently as a co-requisite. Previous background in Statistics is not required, but can be helpful.

**Readings**

The principal textbook for this course is:


The textbook is available at Barnes and Noble’s bookstore. Students should also have a copy of an Intermediate Microeconomics textbook (Varian, Perloff, or equivalent) as a reference.

The articles listed in the Syllabus will be posted on Blackboard.

**Grading**

The course grade will be based on problem sets and exams:

Problem Sets: 20%
Midterm Exam: 35%
Final Exam: 45%

Class participation will be also evaluated at the end of the semester and will help me assigning grades to the border cases.

If you have questions about the grading of a problem set/exam, please contact the teaching fellow within a week after you have received the graded work. Re-grading requests may raise or lower your score.

I will not accept submissions of homework past the due date, and I will not offer make-up exams. **The Midterm exam will take place on Thursday, March 5th**, during class time. **The Final exam’s date has not yet been announced by the College. The final is comprehensive and closed-book.**
**Academic Conduct Statement**

It is your responsibility to know and understand the provisions of the CAS Academic Conduct Code. The encouragement to collaborate on homework assignments is not extended to tests. Read the CAS Academic Conduct Code, which you can or download at [www.bu.edu/academics/policies/academic-conduct-code/](http://www.bu.edu/academics/policies/academic-conduct-code/). Misconduct can involve more subtle acts than direct cheating: for instance, submitting the same work for several courses without the consent of instructors. I will report all cases of suspected academic misconduct to the Deans' Office.

**Course Outline and (Tentative) Time Schedule**

This schedule is tentative and will be adjusted depending on speed of progress and students' interests.

All the materials indicated below will be supplemented by additional class notes.

♦ **Introduction (Jan 21)**
  - Feenstra, Chapter 1.1.

♦ **Microeconomics Preliminaries: Endowment Economies and Production Economies (Jan 28 – Feb 6)**
  - Varian, Chapters 2-5, or Perloff, Chapter 3, or equivalent.

♦ **The Ricardian Model: Comparative Advantage and the Gains from Trade (Feb 11 – 27)**
  - Feenstra, Chapter 2.
♦ MIDTERM EXAM (Mar 5)

♦ Technology and Factor Endowments: the Heckscher-Ohlin Model (Mar 17-26)
  - Feenstra, Chapter 4.

♦ The “New Trade Theory”: Increasing Returns to Scale and Imperfect Competition (Mar 31 - Apr 9)
  - Feenstra, Chapter 6.

♦ Topics (Apr 14 - 30)
  1) Trade, Wages, and the Labor Market
  2) Multinational Firms and Foreign Direct Investment
     - Feenstra, Chapters 1.2, 5.2.
  3) Offshoring and Trade in Intermediates
     - Feenstra, Chapter 7.

4) Migration
- Feenstra, Chapters 1.2, 5.1.

5) Tariffs and the Trade Wars
- Feenstra, Chapters 8-9.

♦ FINAL EXAM (to be scheduled between May 5 and May 9).