Syllabus

Instructor

Stefania Garetto, Assistant Professor of Economics
Office: 270 Bay State Road, room 415B
Phone: 617 358 5887
E-mail: garettos@bu.edu
Web: http://people.bu.edu/garettos
Office hours: Tuesday 5.30 – 7.00pm
Thursday 11.00am-12.00pm

Teaching Fellow

Xiaojia Zhang
Office: 270 Bay State Road, SSW B19
Phone: 617 416 3363
E-mail: xjzhang@bu.edu
Office hours: TBA

Logistics

Lecture days and time: Tuesday-Thursday 9.30-11.00am
Lecture location: CAS 326
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 trade policy, the effects of trade on the labor market, and related topics like 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. However, 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)
- EC 202 (Intermediate Macroeconomics)

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 yet either EC 202 or EC 201, 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. The articles listed in the Syllabus will be posted on Blackboard.

**Grading**

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

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Sets</td>
<td>20%</td>
</tr>
<tr>
<td>Midterm</td>
<td>35%</td>
</tr>
<tr>
<td>Final</td>
<td>45%</td>
</tr>
</tbody>
</table>

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 Xiaojia 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 4th, during class time.
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 pick up in room CAS B-3 or download on www.bu.edu/cas/academics/programs/conductcode.html. 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.

♦ **Introduction and Preliminaries (Jan 14-21)**
  - Feenstra, Chapter 1.1.

♦ **Comparative Advantage and the Gains from Trade (Jan 26 – Feb 4)**
  - Feenstra, Chapter 2.

♦ **Technology and Factor Endowments (Feb 9-25)**
  - Feenstra, Chapters 2-3.
♦ MIDTERM EXAM (Mar 4)

♦ Increasing Returns to Scale and Imperfect Competition (Mar 2-18)
  - Feenstra, Chapter 6.

♦ Trade Policy (Mar 25 – Apr 1)
  - Feenstra, Chapters 8-9.

♦ Topics (Apr 6-29)
  • Trade, wages, and the labor market
  • Multinational firms and foreign direct investment
    - Feenstra, Chapters 1.2, 5.2

- **Outsourcing and Trade in Intermediates**
  - Feenstra, Chapter 7.

- **Migration**
  - Feenstra, Chapters 1.2, 5.1.

♦ **FINAL EXAM** (to be scheduled between May 4 and May 8).