Economics 791: Topics in International Trade
Syllabus: Fall 2008

Instructor: Marianne Baxter, office: 270 Bay State Rd., Room 505.
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Time and location: Monday, 5:30 – 8:30, SSW 315

Office hours: Monday, 2:30-3:30, Tuesday, 11:30-12:30 and other times by appointment.

Description: This course covers the field of international trade. The focus is on combining insights from theoretical and empirical analyses.

Requirements and grading: First, and most important, is the requirement that you read the assigned papers in advance and arrive in class ready to discuss the readings.

Component 1: Class participation. Class participation is of the utmost importance, and will account for 35% of your grade. Class participation involves arriving at class having read the assigned papers, and being ready to engage in discussion of the papers. There is an additional component to the class participation component of your grade. Most weeks we will have an additional assigned paper that is important but will not be the main focus of the class that week. A student will present a concise discussion of the important points of the paper and the way in which the paper fits into the literature. With 4 students in the class, you will each present three times. Each of these presentations should take about 30 minutes.

Component 2: Students will critique a specific topic in international economics. The choice is up to you—I have included reading lists for several areas from which you can choose, or you can propose something else. The critique includes the following: (i) prepare a list of central papers in the area: at least 4, but no more than 8; (ii) write a survey of the research area; (iv) develop a research plan for a new contribution to this area. The planned research can be empirical or theoretical or, ideally, both. The research proposal will take the format of an NSF proposal, which includes a summary sheet (1 page) and a 10-page description of the proposed research. This part of the grade counts for 35% of the total.

Component 3: There will be an open-book, cumulative exam during finals week. This will account for 30% of your grade.

Academic Conduct: It is your responsibility to know and understand the provisions of the CAS Academic Conduct Code (copies are available in room CAS 105). Cases of suspected academic misconduct will be referred to the Dean’s Office.
Books: The following books may be useful; most are available in paperback. If still in print, they can be found at http://www.amazon.com and other online booksellers.


Course Outline

Note: Required readings through Section 5 are indicated by an asterisk (*).
Required readings will not always be covered in class, but may be covered on the final exam.

Section I: Basics

1: Preliminaries; The Ricardian Model
* Feenstra, Chapter 1

2. The Heckscher-Ohlin Model
* Feenstra, Chapter 2
Helpman and Krugman (1985), Chapter 1.

3. Empirical Evidence on Aspects of International Trade: Testing the Theories

4: Increasing Returns and the Gravity Equation

* P. Debaere, “Monopolistic competition and trade, revisited: Testing the model without testing for 'gravity,'”, JIE 2005, 249-266.


* E. Helpman, M. Melitz, and Y. Rubinstein, “Trading partners and trading volumes,” manuscript.


* Helpman and Krugman, 1985, Chs. 6-11, especially chs. 7, 8.

5: Modern Ricardian Theories of International Trade


Section II: Topics in International Trade

Note: Not all of these will be covered: it depends on student choices for presentation topics and our collective interests. For some topics, there will be additional readings that should be added in order for the topic references to be complete.

Trade in Intermediate Inputs and Wages

Feenstra, Chapter 4.

Feenstra, R. and G. Hanson “Foreign Investment, Outsourcing, and Relative Wages”


**Oligopoly and Dumping**


Blonigen, Bruce: Many contributions on dumping; primarily empirical. Go to the NBER Website and search for his name in the working papers.

**Industrial Organization and International Trade**


There are newer readings in this area that will be added later on.

**Multinational Corporations**

Feenstra, Chapter 11.


Innovation and Technology Diffusion


Political Economy of Trade Policy

Feenstra, Chapter 9.

Import Quotas and Export Subsidies

Feenstra, Chapter 8.
Dixit and Stiglitz (book) have material on this also, at a more technical level in some places.

Gains from Trade and Regional Arrangements

Feenstra, Chapter 6. (based on Dixit and Norman Chapter 5).

Location and Trading Costs
C. Engel and J.H. Rogers, “How wide is the border,” AER 1996, 1112-1125, reprinted in L. Hummels, David (several papers….to be added)


**Trade and the Environment**

