BRANDEIS UNIVERSITY

ECON160A: INTERNATIONAL TRADE THEORY

FALL 2017

T, F 12:30 PM–1:50 PM

(PRELIMINARY)

INSTRUCTOR: Ricardo A. López

OFFICE: Sachar International Center 123

E-MAIL: rlopez@brandeis.edu

PHONE: 781-736-4823

OFFICE HOURS: T, F 2:00 PM – 3:00 PM and by appointment.

PREREQUISITE: ECON80A (Microeconomic Theory) and ECON83A (Statistics for Economic Analysis).

CREDITS: 4

WORKLOAD: Success in this four-credit course is based on the expectation that students will spend a minimum of 9 hours of study time per week in preparation for class.

COURSE DESCRIPTION: This course is an overview of the main contributions to the theory of international trade. It begins analyzing why nations trade, what they trade, and whether trade is beneficial for a country. We then analyze the international movements of factors of production and offshoring. Then, we move on to discuss the effects of commercial policies on trade and welfare, and why governments might want to intervene in cross-border transactions. This part includes an analysis of tariffs, non-tariff barriers, and trade agreements. Finally, we study the relationship between international trade and economic growth. The primary emphasis of this course is theory. It uses microeconomic tools extensively and, thus, it requires a solid understanding of microeconomic theory. In terms of mathematical tools, we will be using graphical analysis when possible, but algebra and some calculus may be required.

LEARNING GOALS:

1. Understand the different theories of international trade, and concepts such as comparative advantage, absolute advantage, and intra-industry trade.

2. Understand the effects of international trade on countries' production and welfare. Identify the winners and losers of international trade.
3. Evaluate the impact of commercial policy on a country's welfare and income distribution.

4. Understand the role of international organizations such as the WTO.

5. Understand the links between international trade and economic growth.

COURSE MATERIALS:


READINGS: Additional readings will be posted on Latte. These readings will contain empirical evidence and applications of the theories of international trade. Additionally, I will post links to recent news related to international trade and trade policy. I will then ask questions about the news articles in class, so you should read these articles before coming to class.

COURSE REQUIREMENTS:

(1) Attendance and Class Participation (10%)
(2) Homework Assignments (20%)
(3) Two In-Class Midterm Examinations (20% each)
(4) Cumulative Final Exam (30%)

ATTENDANCE AND CLASS PARTICIPATION: You are expected to attend all classes and be on time. Late class arrivals are very distracting for me and the other students, so please be respectful of your classmates and arrive early. If you have a legitimate and documented reason to miss a class, please contact me in advance. You are also expected to actively contribute to class discussion. Please read all assigned materials before class.

HOMEWORK ASSIGNMENTS: There will be seven homework assignments but only the best five will be considered in calculating your grade. Therefore, late homework assignments will not be accepted under any circumstances. If you have a problem that prevents you from handing out a homework assignment then that homework will be dropped. Therefore, you may drop up to two homework assignments. You are encouraged to discuss the assignments with your classmates, but you must write your own answers (i.e., use your own words). Please be aware that if two or more students bring identical answers (even if they worked together) then all of them will receive no credit for that assignment.

EXAMS: There will be two midterm exams (in class) and a final exam. The exams usually have two parts: one set of multiple choice questions and one set of essay questions. On the exams you are responsible for all material covered in lectures, assigned chapters, readings, and any additional material posted on Latte. All exams are closed-book exams and calculators are not allowed. The final exam is cumulative.

EXAMINATION DATES:

First Midterm: TBA
Second Midterm: TBA
Final Exam: The date, time, and location of the final exam will be announced by Registrar Office.
CLASS WEBSITE: Materials such as readings, answers to homework assignments and examinations, and lecture notes will be available on Latte, which will be also used to make announcements. Please make sure you check the class website periodically.

MAKE-UP EXAMS: There are no make-up exams. If you have a legitimate reason to miss one of the midterm examinations, you need to contact me in advance. In this case, the weight of the final exam will be increased enough to make up the missed credit.

DISABILITY ACCOMMODATIONS: If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

ACADEMIC INTEGRITY: You are expected to be familiar with and to follow the University’s policies on academic integrity. Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.

COURSE OUTLINE

Optional readings are academic articles that are considered essential contributions to the theory of international trade (they are required readings in any PhD-level course on international trade).

1. Introduction

   Chapter 1


2. The Ricardian Model

   Chapter 2


   Optional:


3. The Specific Factors Model

   Chapter 3

Optional:


4. The Heckscher-Ohlin Model

Chapter 4

Optional:


5. International Factor Movements

Chapter 5


6. Economies of Scale, Imperfect Competition, and International Trade

6.1. Internal Economies of Scale and Monopolistic Competition

Chapter 6


Optional:


6.2. External Economies of Scale

7. Offshoring

Chapter 7

8. Commercial Policy

8.1. Tariffs

Chapter 8: pp. 246-270

8.2. Nontariff Barriers
8.3. Commercial Policy: History and Practice

Chapter 8: pp. 241-246
Chapter 9: pp. 301-326

8.4. Regional Trade Agreements

Chapter 11


Optional:


9. International Trade and Economic Growth


Optional:
