Course Outline

This course explores the theoretical and empirical foundations of international trade, focusing on why nations export what they export, and in what sense international trade is beneficial to trading countries. Emphasis will also be placed on how trade policies can be used to pursue national or global objectives, and the role of trade agreements in the world trading system. Current policy issues will be examined to explore the usefulness as well as the limitations of the theory.

Prerequisites: Economics 1.

Books:


Grading: There will be one midterm, a final exam, a paper and 6 problems sets. The grading will be as follows:

10% - 6 graded problems sets.
30% - midterm exam Friday October 15
20% - paper due Monday November 8
40% - final exam Tuesday November 23, 3:00 pm – 6:00 pm

More information on the paper will be distributed later in the course. No papers will be accepted after the end of class on Monday November 8.

All Economics 39 students are of course expected to adhere to Dartmouth’s Academic Honor Principle: https://student-affairs.dartmouth.edu/policy/academic-honor-principle.
Attendance:
You are expected to attend class in person unless you have made alternative arrangements due to illness, medical reasons, or the need to isolate due to COVID-19. For the health and safety of our class community, please: **do not attend class when you are sick**, nor when you have been instructed by Student Health Services to stay home.

Safety:
In accordance with [current College policy](#), all members of the Dartmouth community are required to wear a suitable face covering when indoors, regardless of vaccination status. This includes our classroom and other course-related locations, such as labs, studios, and office hours. If you need to take a quick drink during class, please dip your mask briefly for each sip. Eating is never permitted in the classroom. (The only exception to the mask requirement is for students with an approved disability-related accommodation; see below.) If you do not have an accommodation and refuse to comply with masking or other safety protocols, I am obligated to assure that the Covid health and safety standards are followed, and you will be asked to leave the classroom. You remain subject to course attendance policies, and dismissal from class will result in an unexcused absence. If you refuse to comply with masking or other safety protocols, and to ensure the health and safety of our community, I am obligated to report you to the Dean’s office for disciplinary action under Dartmouth’s [Standards of Conduct](#). Additional COVID-19 protocols may emerge. Pay attention to emails from the senior administrators at the College. I will communicate any changes and their resulting implications for our class community.

Accommodations:
Students requesting disability-related accommodations and services for this course are required to register with Student Accessibility Services (SAS; [Getting Started with SAS webpage](#); [student.accessibility.services@dartmouth.edu](mailto:student.accessibility.services@dartmouth.edu); 1-603-646-9900) and to request that an accommodation email be sent to me in advance of the need for an accommodation. Then, students should schedule a follow-up meeting with me to determine relevant details such as what role SAS or its [Testing Center](#) may play in accommodation implementation. This process works best for everyone when completed as early in the quarter as possible. If students have questions about whether they are eligible for accommodations or have concerns about the implementation of their accommodations, they should contact the SAS office. All inquiries and discussions will remain confidential.
Reading List

I. Introduction

Feenstra-Taylor Chapter 1.

II. The Law of Comparative Advantage

1. Pure Exchange

“Exchange Model” C_J_CH2 Notes on Canvas.

2. Production, Consumption, and Trade in the Basic Trade Model

“The Basic Trade Model” C_J_CH3 Notes on Canvas.

3. Tariffs and Commercial Policy in the Basic Trade Model

“Tariff” C_J_CH11 Notes on Canvas.

4. Applications


III. Theories of Comparative Advantage


Feenstra-Taylor, Chapter 1.


Feenstra-Taylor, Chapter 2.

3. The Specific Factors Model and The Heckscher-Ohlin Model

Feenstra-Taylor, Chapters 3, 4, 5.


IV. Alternative Explanations of International Trade

1. Increasing Returns and Imperfect Competition

Feenstra-Taylor, Chapter 6.

V. Protection, Industrial Policy and the Economics of Trade Agreements

1. Import Protection: A Partial Equilibrium Analysis

Feenstra-Taylor, Chapter 8.

2. Tariffs and Trade Agreements

Feenstra-Taylor, Chapter 11.
Bagwell-Staiger, Chapters 1-5.


