

Description

5311 - International Trade, Spring 2019

This course provides an introduction to the literature on international trade.

The course will cover topics related to trade and geography, trade and firm productivity, aggregate welfare gains from trade, and distributional effects of trade. Students will be able to learn both quantitative and empirical skills needed to understand trade literature.

The first part of the course will introduce recent theories of international trade, with an emphasis on quantitative trade models. We will start by describing the theoretical grounds for the gravity equation and study the role of geography in international trade. After that, we will introduce the notion of monopolistic competition and work with heterogeneous firm trade models. Students will learn to derive the aggregate gains from trade in a quantitative trade model, and to use Matlab to simulate the model outcomes under different values of trade costs.

The second part of the course will provide an overview of the recent empirical literature on international trade. Among the topics covered in this part of the course are, for example, the effects of trade liberalization on firm and industrial productivity, and the distributional effects of trade. For one of the assignments students will be guided through the replication of an empirical paper using Stata.

Intended Learning Outcomes

After successful completion of the course, students will be able to:

1. Learn the mechanics of models used in research on international trade and apply them to answer new questions;
2. Understand theoretical foundations of professional and policy discussions on the consequences of globalization and evaluate them in light of empirical evidence.

Format & Structure

The course has 15 lectures, 5 TA sessions, several homework problem sets and one final exam.

Prerequisites

Microeconomics (course number: 5302), Macroeconomics (5303), Econometrics (5304), and Mathematics for Economists (5301) at the first year master level are required. It is not necessary to have previously taken a course on international trade at the bachelor level. Prior experience with Matlab or Stata is not required.