

ECONOMICS 7122
International Economics II
Spring 2015
9:35-10:55 TTh

TIBOR BESEDEŠ

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Course Description:

This course is designed to expose you to the current empirical research on various topics in international trade.

Main Book:

Feenstra, Robert C. 2004. *Advanced International Trade: Theory and Evidence*. Princeton: Princeton University Press.

Supplementary Books:

Bhagwati, Jagdish N., Arvind Panagariya, and T.N. Srinivasan. 1998. *Lectures on International Trade*, Second edition. Cambridge: MIT Press.

Dixit, Avinash K. and Victor Norman. 1980. *Theory of International Trade*. Cambridge, UK: Cambridge University Press.

Helpman, Elhanan and Paul Krugman. 1986. *Market Structure and Foreign Trade*. Cambridge: MIT Press.

Grossman, Gene and Kenneth Rogoff (eds). 1995. *Handbook of International Economics*, vol. 3. Amsterdam: Elsevier.

Choi, E. Kwan and James Harrigan (eds), 2003. *Handbook of International Trade*. Oxford, UK: Basil Blackwell Publishers.

Grading:

Your grade will be based on:

three in-class presentations (30%)

two referee reports (30%) – due 2/24 and 3/31

research proposal (40%) – ideas due 3/12, proposal due 5/1

Presentations:

You will choose two papers from the class reading list you will be provided with which you will present in class. You will have the entire class period to present a single paper. These presentations are designed to mimic a seminar, to give you practice with that

particular setting. In case you would prefer to present a paper which is not on the list, you can ask me so that I can see whether it is appropriate.

The following should be covered in your presentation:

1. Describe the topic: What is the main question of the paper? How does the paper answer that question?
2. Describe the methodology and data: What is the method? Structural or nonstructural estimation? Which model of trade has been used? What is the main specification and method of estimation? Describe the data: time series, cross section, panel? For the time series data, what is the time period? And what is the frequency of the data? For the cross sectional data, what is the cross sectional unit? And what is the range of the cross section?
3. Describe the contribution: What is the main finding? What are the estimated magnitudes? What phenomenon has been theoretically explained? What model has been extended and how? What theoretical result has been overturned or confirmed?

Referee Reports:

You will have to write two referee reports on current working papers, which will be provided on a separate reading list. The purpose of these assignments is to get you used to reading papers in a critical fashion. They are intended to function as if you were asked by an editor to referee a paper submitted for publication. Each report will be 3-4 double spaced pages in length. The first 1-2 paragraphs should summarize the paper for the editor and describe the main features of the paper and its contribution to the existing or subsequent literatures. The report should discuss the strengths and weaknesses of the paper, contrasting it to others in the literature as necessary. You should describe how the authors could address the weaknesses (if possible) and give your recommendations for changes that would strengthen or enhance the paper.

Research Proposal:

You will be required to submit a research proposal for a project on an international trade topic which will be 4-5 double spaced pages in length in addition to a list of at least 10 references. The proposal should summarize the idea, how it fits with the current literature, and how it would be executed. You will submit the proposal in two stages. By March 12 you need to submit a one paragraph statement in your idea, which you will receive feedback on. The full proposal is due by Friday, May 1.

Course Outline:

1. Basic comparative advantage
2. Ricardian theories
3. Heckscher-Ohlin theories
4. Monopolistic competition and gravity
5. Firm heterogeneity
6. Trade policy
7. Gains from trade and trade liberalizations
8. New explorations
9. Multinationals