Boston University  
Department of Economics  

Economics 791 – International Trade  
Fall 2019  

Syllabus  

Stefania Garetto (September 6 - October 18)  
E-mail: garettos@bu.edu  
Office address: 270 Bay State Road, room 501  
Phone number: 617-358-5887  
Office hours: by appointment  
Course Website: http://people.bu.edu/garettos/teaching.html  

Yuhei Miyauchi (October 18 - December 7)  
E-mail: miyauchi@bu.edu  
Office address: 270 Bay State Road, room 412A  
Phone number: 617-710-6907  
Office hours: by appointment  
Course Website: https://sites.google.com/view/yuhei-miyauchi/teaching  

Classes meet on Friday, 11.15-2.00, in 270 Bay State Road, room 546.  

Course Overview  

This course is an advanced course in International Trade, targeted to second year PhD students.  
The course introduces students to the main theories of international trade, with a special emphasis on the role of firms. In the first part of the course, Stefania Garetto will start by introducing the main facts about international trade and the empirical relationship known as the “gravity equation”. Then she will cover the traditional theories of international trade (factor endowments, productivity-based comparative advantage, increasing returns to scale), and explore their most recent developments, particularly focusing on explaining trade from the point of view of individual firms. In the second part of the course, Yuhei Miyauchi will continue by covering the empirical investigations of the models covered in the first part of the lecture, ranging from the pure statistical test of the theory to the structural estimations. He will then cover two recent topics in the field, economic geography and the input-output linkages.
**Grading**

A second-year topic class should introduce students to independent research, and facilitate the transition from coursework to writing a PhD Thesis. For this reason, the course grade is based on three separate components:

- Four problem sets (30% of the grade).
- A referee report of a paper of your interest. You can decide your paper either from the syllabus or outside of it. However, please notify us beforehand which paper you would choose by October 18th. The referee report is due on November 8th (20% of the grade).
- An individual research project. Please arrange an individual meeting with both of us to discuss your preferred topic by October 31st. The project have to be handed in by Saturday, December 15th (50% of the grade).

All assignments must be completed individually, and late assignments will not be accepted.

**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.

**Reading list**

There is no required textbook for this course. However, we will sometimes draw from the following:


Course Outline (Tentative: may be subject to changes)

Items marked with (**) are essential and will be covered extensively in class. Items marked with (*) are required readings. We will briefly talk about them in class, but you are required to go through them on your own. The remaining items are suggested readings, which you should be familiar with if you plan to do research in this area. Finally, items marked with (R) are papers that review a particular aspect of the field. These papers are particularly useful to frame the discussion in class and to start research projects on a topic.

I. Trade patterns and the gravity equation (Sept. 6th)


(**) F, Chapter 5, pp. 132-144.


II. Trade Theories

1. Factor endowments: the Heckscher-Ohlin model (Sept. 13th)

(**) F, Chapters 1-2. HK, Chapters 1-2.


2. Comparative advantage: Ricardian Trade Theory (Sept. 20th - 27th)

F, Chapter 1.
3. Monopolistic Competition and Increasing Returns

   a) With Homogeneous Firms (Oct. 4th)


   F, Chapter 5. HK, Chapters 6-9.

   b) With Heterogeneous Firms (Oct. 11th)


4. **Gains from Trade (Oct. 18th)**


III. Trade Empirics

5. **Gains from Trade and Comparative Advantage (Oct. 18th - 25th)**


6. Multiple Factor Models and Inequality (Nov. 1st)


(*) Autor, Dorn, and Hanson (2013), “China Syndrome”, AER


7. Firm Heterogeneity and Firm Productivity (Nov. 8th)


IV. Other Topics on Trade

8. Economic Geography (Nov. 15th-22nd)


9. Production Fragmentation and Input-Output Linkages (Nov. 22nd, Dec. 6th)


