Syllabus

Stefania Garetto (September 4 - October 16)
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Lectures take place on Fridays, 11.15-2.00. We will start the semester with remote lectures on Zoom. When we will resume in person lectures, we will meet in 270 Bay State Road, room 315.

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 approaches to estimate gains of trade. Then he will cover topics on economic geography as an application of international trade models.
Grading and Assignments

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 four separate components:

- Three problem sets (15%)
- A referee report (15%)
- A presentation of a paper (15%)
- An individual research project (55%)

Problem Sets: The three problem sets are based on the knowledge of workhorse trade models. These assignments must be completed individually. You have to submit all three problem sets to pass the course. Late assignments will not be accepted.

Referee Report: Each student will choose a paper to referee on a topic of their choice (subject to instructors’ approval). We encourage students to choose a topic related to their research project. The referee report is due on October 23. A sample referee report will be provided close to the deadline.

Paper Presentation: Students will present a paper on a topic of their choice (subject to instructors’ approval). Also for this assignment we encourage students to choose a topic related to their research project. Students will form groups of two or three (depending on class size) and each group will pick one paper to present. Each presentation will last about 30 minutes and all group members are required to present. Paper choices and group member choices will need to be communicated to Yuhei by November 7. The presentations are tentatively scheduled for November 21 and December 4.

Individual Research Project: The goal of this assignment is for students to experience the process of starting to develop a research project in international trade. The final submission should include (1) a research question, (2) a survey of the relevant literature and a statement of the contribution of the project, (3) a detailed plan of the body of the paper. For theoretical papers, this means developing a baseline model and making some conjectures about its predictions. For empirical papers, this means describing the data, empirical framework, and preliminary empirical results.

When developing a research project, it is crucial to receive feedback from other people. For this purpose, we mandate each student to meet with both Stefania and Yuhei at least twice prior to the final submission. We will coordinate the meeting time outside the lecture slots in mid-October and mid-November (precise dates and times TBA). Prior to each meeting, students will have to submit a one-page summary of the status of the three points above.
Reading list

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


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.

COVID-19 Health Protocol Compliance

We expect all students to comply with all of the commitments they have made with regard to COVID-19 health protocols, such as wearing an appropriate mask and, on request, producing the badge that indicates the student is up-to-date with testing and attestation. We reserve the right to make the final judgement as to whether a student is in compliance with the health protocols.
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. 4th)


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


II. Trade Theories

1. Factor endowments: the Heckscher-Ohlin model (Sept. 11th)

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


2. Comparative advantage: Ricardian Trade Theory (Sept. 18th- 25th)

F, Chapter 1.


3. Monopolistic Competition and Increasing Returns

   a) With Homogeneous Firms (Oct. 2nd)


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

b) With Heterogeneous Firms (Oct. 9th)


4. Gains from Trade (Oct. 16th)


III. Trade Empirics

5. Empirics of Gains from Trade (Oct. 16th - 23th)

Reduced-form approach


Sufficient statistics approach


**Structural estimation approach**


**III. Economic Geography**


7. Internal Structure of Cities (Nov. 7th)


8. Policies and Normative Issues (Nov. 14th)


9. Other Recent Topics on Economic Geography (Nov. 21th-Dec. 4th)
Transportation Networks


Dynamics


Firms and Geography


