



UNIVERSITY OF
CALGARY

Department of Economics
Faculty of Arts

Economics 621(L01) (International Trade)

Instructor:	Trevor Tombe	Lecture Location:	SS 403
Phone:	403-220-8068	Lecture Days/Time:	TR 11:00-12:15
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Office:	SS 426		
Office Hours:	TR 8:30-9:30		WINTER 2018

Course Description: Introduction to the analysis of international trade at an advanced level. Provides an overview of theories and tools used to investigate the major questions of international trade, including the determinants of trade and the economic consequences of trade policy.

Course Objectives/Learning Outcomes: Students will gain expertise in core models of international trade and learn to apply them to investigate important topics, including estimating trade costs, simulating changes in tariffs and trade policy on trade flows, estimating the gains from trade. Students will learn modern tools of international trade research (including Melitz and Eaton-Kortum models) and empirical techniques to analyze international trade data.

Prerequisites/corequisites: Admission to the Master of Arts Economics Program.

Required Textbook(s): None.

Recommended Textbook(s): None.

Book(s) on Reserve: None.

Desire2Learn: This course will use the Desire2Learn (D2L) platform. Students registered in the course can log on at <http://d2l.ucalgary.ca>. Please note that D2L features a class e-mail list to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Course Outline: In this course, we will review recent developments in the field of International Trade, with a particular focus on bridging the gap between models and data. Throughout, we will explore the strengths and weaknesses of leading international trade theories. Finally, we will study empirical and numerical methods using STATA and other programs .

We will focus on the following topics, with relevant paper citations provided. A rough timeline of when topics will be covered throughout the semester is also provided below.

- **Weeks 1-2:** Empirical Analysis of Comparative Advantage and Gains from Trade
 - Daniel Bernhofen and John Brown, 2004. "A Direct Test of the Theory of Comparative Advantage: The Case of Japan." *Journal of Political Economy* 112(1): 48-67.
 - Nathan Nunn, 2007. "Relationship-Specificity, Incomplete Contracts, and the Pattern of Trade," *The Quarterly Journal of Economics* 122(2): 569-600.

- Daniel Bernhofen and John Brown, 2005. "An Empirical Assessment of the Comparative Advantage Gains from Trade: Evidence from Japan." *The American Economic Review* 95(1): 208-225.
- Jeffrey Frankel and David Romer, 1999. "Does Trade Cause Growth?" *The American Economic Review* 89(3): 379-399.
- James Feyrer, 2009. "Distance, Trade, and Income – The 1967 to 1975 Closing of the Suez Canal as a Natural Experiment." *NBER Working Paper* 15557.
- James Feyrer, 2009. "Trade and Income – Exploiting Time Series in Geography," *NBER Working Paper* 14910.
- **Weeks 3-4: Firms in International Trade**
 - Marc Melitz and Danial Trefler, 2012. "Gains from Trade when Firms Matter," *Journal of Economic Perspectives* 26(2): 91-118.
 - Marc Melitz, 2003. "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity," *Econometrica* 71(6): 1695-1725.
 - Andrew Bernard and Stephen Redding and Peter Schott, 2007. "Comparative Advantage and Heterogeneous Firms," *Review of Economic Studies* 74: 31-66.
 - Paul Segerstrom and Yiochi Sugita, 2013. "The Impact of Trade Liberalization on Industry Productivity." *CESifo Working Paper* 4365
 - Jonathan Eaton and Samuel Kortum and Francis Kramarz, 2011. "An Anatomy of International Trade: Evidence From French Firms," *Econometrica* 79(5): 1453-1498, 09.
- **Weeks 5-7: Ricardian Trade Models**
 - Jonathan Eaton and Samuel Kortum, 2012. "Putting Ricardo to Work," *Journal of Economic Perspectives* 26(2): 65-90.
 - R. Dornbush and S. Fischer and P. Samuelson, 1977. "Comparative Advantage, Trade, and Payments in a Ricardian Model with a Continuum of Goods." *The American Economic Review* 67(5): 823-839.
 - Jonathan Eaton and Samuel Kortum, 2002. "Technology, Geography, and Trade," *Econometrica* 70(5): 1741-1779.
 - Jonathan Eaton and Samuel Kortum, 2001. "Trade in capital goods," *European Economic Review* 45(7): 1195-1235.
 - Lorenzo Calidendo and Fernando Parro, 2015. "Estimates of the Trade and Welfare Effects of NAFTA," *The Review of Economic Studies* 82 (1): 1-44.
- **Weeks 8-10: Model-Based Quantitative Analysis – Trade Theory with Numbers**
 - Costas Arkolakis and Arnaud Costinot and Andres Rodriguez-Clare, 2012. "New Trade Models, Same Old Gains?" *American Economic Review* 102(1): 94-130.

- Arnaud Costinot and Andres Rodriguez-Clare, 2013. "Trade Theory with Numbers: Quantifying the Consequences of Globalization," *NBER Working Paper* 18896.
- Michael Waugh, 2010. "International Trade and Income Differences," *American Economic Review* 100(5): 2093-2124.
- Julian diGiovanni, Andrei Levchenko, and Jing Zhang, 2014. "The Global Welfare Impact of China: Trade Integration and Technological Change," *American Economic Journal: Macroeconomics* 6 (3): 153-183.
- **Weeks 11-12: International Organization or Production**
 - Pol Antras, David Chor, Thibault Fally, and Russel Hillberry, 2012. "Measuring the Upstreamness of Production and Trade Flows," *NBER Working Paper* 17819.
 - Koopmans, Robert and Zhi Wang and Shang-Jin Wei, 2014. "Tracing Value-Added and Double Counting in Gross Exports," *American Economic Review* 104 (2): 459-494.
 - Kei-Mu Yi, 2010. "Can Multistage Production Explain the Home Bias in Trade?" *American Economic Review* 100(1): 364-393.
 - Chang-Tai Hsieh and Keong Woo, 2005. "The Impact of Outsourcing to China on Hong Kong's Labor Market," *American Economic Review* 95(5): 397-405.
 - Kei-Mu Yi, 2003. "Can Vertical Specialization Explain the Growth of World Trade?" *Journal of Political Economy* 111(1): 52-102.
- **Miscellaneous Papers We Will Cover (Time Permitting)**
 - Ina Simonovska and Michael Waugh, 2013. "The Elasticity of Trade: Estimates and Evidence," *Journal of International Economics* 92 (1): 34-50.
 - Rapha Ossa, 2014. "Trade Wars and Trade Talks with Data," *American Economic Review* 104 (12): 4104-4146.

Grade Determination and Final Examination Details:

Problem Sets: 20% (4 x 5%)

Midterm Examination 2: 15%

Midterm Examination 1: 15%

Presentation: 10%

Final Examination: 40%

The importance dates are as follows (subject to change):

- Problem Set 1: January 25
- Problem Set 2: February 8
- Midterm 1: February 27
- Problem Set 3: March 6
- Midterm 2: March 27
- Problem Set 4: April 10
- Final Exam: TBA

Tests and final exams are marked on a numerical (percentage) basis, and then converted to letter grades. The course grade is then calculated using the weights indicated above.

As a guide, these letter grade equivalences will apply:

A+	95 – 100	B	73 – 76	C-	60 – 62
A	85 – 94	B-	70 – 72	D+	56 – 59
A-	80 – 84	C+	67 – 69	D	50 – 55
B+	77 – 79	C	63 – 66	F	0 – 49

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during his office hours.

The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last 2 hours. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the Department.

There will be a final examination, at a date to be determined during the December examination period. The exam will last 2 hours. Tests and exams will not involve multiple choice questions.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

Reappraisal of Grades and Intellectual Honesty:

For reappraisal of graded term work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For reappraisal of final grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

Statement of Intellectual Dishonesty, see Calendar K.4

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

Plagiarism and Other Academic Misconduct, , see Calendar K.5

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

Academic Accommodations:

The student accommodation policy can be found at: ucalgary.ca/access/accommodations/policy.

Students needing an accommodation because of a disability or medical condition should communicate this need to Student Accessibility Services in accordance with the Procedure for Accommodations for Students with Disabilities ucalgary.ca/policies/files/policies/student-accommodation-policy.

Students needing an Accommodation based on a Protected Ground other than disability, should communicate this need, preferably in writing, to the course instructor.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

Student Organizations:

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: econrep@fasaucalgary.ca and Web: www.fasaucalgary.ca.

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members. They invite you to join by contacting SUE at societyofundergradsineconomics@gmail.com.

Faculty of Arts Program Advising and Student Information Resources:

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580 or email them at artsads@ucalgary.ca. You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.
- Online writing resources are available at <http://www.ucalgary.ca/ssc/resources/writing-support>.

Evacuation Assembly Point:

In case of an emergency evacuation during class, students must gather at the designated assembly point nearest to the classroom. The assembly point for this classroom is the Professional Faculties (PF) building. For a map, see <https://www.ucalgary.ca/emergencyplan/system/files/ss.pdf>

Safewalk:

The Safewalk program provides volunteers to walk students safely to their destination anywhere on campus. This service is free and available 24 hrs/day, 365 days a year. **Call 403-220-5333.**

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. For more information, see <http://www.ucalgary.ca/legalservices/foip/foip-hia>

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