

Econ 8433-001: Topics in International Economics

Lecture:	Tue., Th. 11:00am { 12:15pm, ECON 5
Instructor:	Dr. Sergey Nigai
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Course description and objectives:

This is a seminar on various topics in international economics. The course is part of the graduate trade sequence and complements the course on international trade theory. Unlike the latter, this course will not include extensive review of the literature and instead will cover data, estimation, calibration, and solutions of several classes of modern quantitative models. Completion of ECON 8413 is not a prerequisite for this class. However, students planning to write their dissertation in international trade should take both.

The main objective of this course is to provide you with the tools necessary to find quantitative answers in international economics. This involves choosing the appropriate theoretical model, estimating its parameters, and designing quantitative experiments. By the end of the semester, I expect you to have completed a report containing the actual results you will derive. This report may eventually serve as the basis for one of the chapters of your dissertation. While the course is designed for students specializing in international trade, the tools learned in this course will have direct applications in other fields such as I.O., urban/regional economics, and others.

Course requirements:

The course will consist of lectures, discussions, problem sets, and presentations. Much of our time will be devoted to estimation and calibration methods, as well as designing counterfactual experiments. You should be prepared to learn how to use both MATLAB and STATA in producing your outputs. You will also need to use L^AT_EX for the report and presentations. I will provide brief introductions to the software and distribute sample codes.

During the semester you will make three presentations:

Introductory Presentation will include discussion of the proposed research question:

- { Why is it interesting?
- { What are the most closely related papers in the established literature? What are their drawbacks?
How are you planning to improve upon or add to the existing work?
- { What data/models are needed to approach the question?

{ What is the timeline of your research project?

Intermediate Presentation will include updates on your progress:

{ What data/models do you use to answer the research question?

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- Head, K. and T. Mayer (2014), "Gravity Equations: Workhorse, Toolkit, and Cookbook", Chapter 3 in Gopinath, G, Helpman, E., and K. Rogo (eds.), *Handbook of International Economics*, Vol. 4.
- Egger, P.H. and S. Nigai (2015), Structural gravity with dummies only: Constrained ANOVA-type estimation of gravity models, *Journal of International Economics*, 97(1), 86-99.

Week 3: September 11, September 13: Mapping Models to the Data

- GGDC Productivity Level Database
- WITS, CEPII
- World Input-Output Database

Week 4: September 18, September 20: Designing Counterfactual Experiments in General Equilibrium

- Dekle, R., Eaton, J., and S. Kortum (2007), Unbalanced Trade, *American Economic Review*, 97(2), 351-355.
- Arkolakis C., Costinot, A., and A. Rodriguez-Clare (2012), New Trade Theories Same Old Gains?, *American Economic Review*, 102(1), 94-130.
- Costinot, A. and A. Rodriguez-Clare (2014), "Trade Theory with Numbers: Quantifying the Consequences of Globalization", Chapter 4 in Gopinath, G, E. Helpman and K. Rogo (eds.), *Handbook of International Economics*, Vol. 4.
- Allen and Arkolakis: Chapter 7

Week 5: September 25, September 27: Presentations (I) and Catch-up

Week 6: October 2, October 4: Heterogeneous Firms (I)

- Melitz, M. (2003), The Impact of Trade on Unions, *American Economic Review*, 93(1), 1-14.
- Arkolakis and A. Rodriguez-Clare (2007), Endogenous-572(V)83aority and the Global Trade, *American Economic Review*, 87(2), 44

Week 9: October 23, October 25: Multi-sector models

Week 10: November 6, November 8: Global Value Chains

- Antras, P., and Chor, D. (2013). Organizing the Global Value Chain, *Econometrica*.
- Costinot, P., Vogel, J., and Wang, S. (2012). Global Supply Chains and Wage Inequality, *Review of Economic Studies*.
- Costinot, A., Donaldson, D., and I. Komunjer (2012), What Goods Do Countries Trade? A Quantitative Exploration of Ricardo's Ideas, *Review of Economic Studies*, 79(2), 581-608.
- Caliendo, L. and F. Parro (2015), Estimates of the Trade and Welfare Effects of NAFTA, *Review of Economic Studies*, 82(1), 1-44.
- Ossa, R. (2015), Why Trade Matters After All, *Journal of International Economics*, 97(2), 266-277.

Accommodation for Disabilities. If you qualify for accommodations because of a disability, please submit your accommodation letter from Disability Services to your faculty member in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities in the academic environment. Information on requesting accommodations is located on the Disability Services website (www.colorado.edu/disabilityservices/students). Contact Disability Services at 303-492-8671 or dsinfo@colorado.edu for further assistance. If you have a temporary medical condition or injury, see Temporary Medical Conditions under the Students tab on the Disability Services website and discuss your needs with your professor.

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