



UNIVERSITY OF
CALGARY

Department of Economics
Faculty of Arts

Economics 621(L01) (International Trade)

Instructor:	Trevor Tombe	Lecture Location:	ZOOM Delivery
Phone:	403-220-8068	Lecture Days/Time:	TR 12:30-13:45
Email:	ttombe@ucalgary.ca		
Office:	ZOOM Delivery		
Office Hours:	TR 15:30-16:30pm	FALL 2020	

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 MA or PhD Economics Program.

Required Textbook(s):

None.

Recommended Textbook(s):

None.

Book(s) on Reserve:

None.

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. Not all papers will be covered.

- **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.

- 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.
- Nathan Nunn, 2007. "Relationship-Specificity, Incomplete Contracts, and the Pattern of Trade," *The Quarterly Journal of Economics* 122(2): 569-600.
- **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.
- **Weeks 5-8: Ricardian Trade Models**
 - Jonathan Eaton and Samuel Kortum, 2012. "Putting Ricardo to Work," *Journal of Economic Perspectives* 26(2): 65-90.
 - Jonathan Eaton and Samuel Kortum, 2002. "Technology, Geography, and Trade," *Econometrica* 70(5): 1741-1779.
 - Lorenzo Caliendo and Fernando Parro, 2015. "Estimates of the Trade and Welfare Effects of NAFTA," *The Review of Economic Studies* 82 (1): 1-44.
- **Weeks 9-12: Model-Based Quantitative Analysis – Trade Theory with Numbers**
 - 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
- **Miscellaneous Papers We Will Cover (Time Permitting)**
 - 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.
 - Ina Simonovska and Michael Waugh, 2013. "The Elasticity of Trade: Estimates and Evidence," *Journal of International Economics* 92 (1): 34-50.

- Ralph Ossa, 2014. "Trade Wars and Trade Talks with Data," *American Economic Review* 104 (12): 4104-4146.

Online Delivery:

This course will be delivered online. Students are expected to be able to participate online in accordance with this Course Outline. Lectures, assignments, office hours, exams, readings and other course material, etc. all require online access and this access is the responsibility of the student. The instructor will make an effort to provide reasonable accommodations and flexibility as circumstances require. Students are expected to raise with the instructor at the beginning of the semester any potential concerns that require such accommodations.

In order to remotely participate in online courses, students will need to have: computer with a current and updated operating system (macOS or Windows will work with all university-supported online learning technologies), a current and updated web browser installed – the latest versions of Firefox, Safari, Chrome or Edge will help to avoid compatibility issues, secure and reliable internet, microphone / headphones, webcam (optional), scanner (or camera to scan your work).

Desire2Learn:

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

Lectures:

Lectures will be delivered online at the Registrar scheduled times and delivered using ZOOM. The lectures will be recorded and subsequently posted to D2L.

Grade Determination and Final Examination Details:

Problem Sets: 30% (3 x 10%)

Midterm Examination: 20%

Final Examination: 30%

Presentation / Referee Report: 20%

Grade Determination and Final Examination Details

Department of Economics Criteria for Letter Grades. Economics professors use the following criteria when assigning letter grades:

Grade	Grade Point Value	Description
A+	4.00	Outstanding
A	4.00	Excellent-superior performance, showing-comprehensive understanding of subject matter
A-	3.70	Very good performance
B+	3.30	Good performance
B	3.00	Satisfactory performance
B-	2.70	Minimum pass for students in the Faculty of Graduate Studies
C+	2.30	All grades below "B-" are indicative of failure at the graduate level and cannot be counted toward Faculty of Graduate Studies course requirements. Individual programs may require a higher passing grade.

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

The final examination will be comprehensive, scheduled by the department, held over a 24 hour period to be completed at home and returned online through the D2L dropbox.

The exact date for the in-class midterms will be announced at least one week in advance.

Absence from a Test/Exam

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES under any circumstances, nor may the quizzes be written early. Students unable to write the quizzes 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. If a student cannot write their final exam on the date assigned by the Department, they need to arrange for a deferred exam with the department.

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>

ACADEMIC MISCONDUCT

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Student committing academic misconduct during the final exam will not receive a passing grade on the course. For information on the Student Academic Misconduct Policy and Procedure please visit:

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-policy.pdf>

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-procedure.pdf> Additional

information is available on the Academic Integrity Website at <https://ucalgary.ca/student-services/student-success/learning/academic-integrity>.

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>.

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

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see

<http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf> and

http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf.

Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Important Dates:

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

Student Organizations:

Faculty of Grad Studies website: <http://grad.ucalgary.ca/home>

Graduate Students Association: <http://gsa.ucalgary.ca/>

Professional Development for Grad Students Workshops and resources can be found at <http://www.ucalgary.ca/mygradskills/>

Economics Graduate Association: <http://econ.ucalgary.ca/ega/>

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.
- 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.

Notes:

Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.

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2020-08-10