



Research
Education
Outreach

CCA

Allievi Program, Master in Economics, Ph.D. in Economics

International Economics

Fall 2024

Instructor: Brett McCully

Contact Information

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Objective of the course

What explains the movements of goods, people, capital, and ideas across space? What are the economic costs and benefits from these movements? In this course, we will explore how economists have answered these fundamental questions both theoretically and empirically.

Students will learn how to (i) comprehend formal models of trade, migration, and foreign investment, (ii) criticize existing studies, and (iii) develop their own research ideas. By the end of the course, students will understand up to the research frontier and be able to apply standard models from international economics to novel situations. There will also be a significant emphasis on developing students' verbal and written communication skills.

Requirements and Grading

Course requirements will assess two key capabilities. First, students will learn about the frontier of international economics research. Second, students will leverage this knowledge to critique recent research and come up with and communicate their own ideas.

Category	Percent of Grade
Paper responses (7)	25%
Presentation	25%
Research proposal	45%
Participation	5%

Each week, students are required to read an assigned paper and write up a brief response (e.g., key insights, possible extensions, discussion questions) submitted on the course website.

While the research proposal is due at the end of the course, after classes are complete, students are required to submit components of the proposal throughout the course, starting in week 2 when a set of

20 possible questions are due; followed by a paper extension proposal in week 3; a literature review due in week 5; in week 7, a preliminary research proposal is due. Students will present their proposed extension in week 10, and submit a revised research proposal by December 16th.

Plagiarism

Paper responses, presentations, and your research paper components must be original work. For those hoping to succeed in research, doing otherwise only cheats yourself out of valuable experience.

Course Website

I will post course materials to the Google Classroom site:

<https://classroom.google.com/c/NzEyODMyODU5ODIz?cjc=4zcug4m>

Class code: 4zcug4m

Textbooks

We will not be following any textbook closely for this course, but for reference you might use the following two online textbooks:

1. *Elements of Advanced International Trade* by Treb Allen and Costas Arkolakis (February 2016), available at <https://arkolakis.com/wp-content/uploads/ClassNotes.pdf>
2. *Technology in the Global Economy: A Framework for Quantitative Analysis* by Jonathan Eaton and Samuel Kortum (March 2010), available at <https://www.blogs.uni-mainz.de/fb03-economics-macro/files/2018/11/EatonKortum030410.pdf>

Tentative Course Outline

Dates	TOPIC
Core Theory of International Trade (optional readings listed below)	
24/9	Course introduction; stylized facts of international econ
	Labor Market Effects of International Trade Autor, David H., David Dorn, and Gordon H. Hanson. " The China syndrome: Local labor market effects of import competition in the United States ." <i>American Economic Review</i> 103, no. 6 (2013): 2121-2168.
25/9, 1/10	Topalova, Petia. " Factor immobility and regional impacts of trade liberalization: Evidence on poverty from India ." <i>American Economic Journal: Applied Economics</i> 2, no. 4 (2010): 1-41. Kovak, Brian K. " Regional effects of trade reform: What is the correct measure of liberalization? " <i>American Economic Review</i> 103, no. 5 (2013): 1960-1976. Dix-Carneiro, Rafael, and Brian K. Kovak. " Trade liberalization and the skill premium: A local labor markets approach ." <i>American Economic Review</i> 105, no. 5 (2015): 551-557.
2/10, 8/10	The Gravity Equation Head, Keith, and Thierry Mayer. " Gravity equations: Workhorse, toolkit, and cookbook ." In <i>Handbook of International Economics</i> , vol. 4, pp. 131-195. Elsevier, 2014.
9/10, 15/10	Taste-based Reasons for International Trade Armington, P. (1969). " A Theory of Demand for Products Distinguished by Place of Production ." <i>Staff Papers (International Monetary Fund)</i> , 16(1): 159-178.
16/10, 29/30	Productivity Differences as a Source of Comparative Advantage Eaton, Jonathan, and Samuel Kortum. " Technology, geography, and trade ." <i>Econometrica</i> 70.5 (2002): 1741-1779.

30/10, 5/11	<p>Increasing Returns to Scale and International Trade</p> <p>Krugman, Paul R. "Increasing returns, monopolistic competition, and international trade." <i>Journal of International Economics</i> 9.4 (1979): 469-479.</p> <p>Krugman, Paul. "Scale economies, product differentiation, and the pattern of trade." <i>American Economic Review</i> 70.5 (1980): 950-959.</p>
6/11, 12/11	<p>Heterogeneous Firms in International Trade</p> <p>Melitz, Marc J. "The impact of trade on intra-industry reallocations and aggregate industry productivity." <i>Econometrica</i> 71.6 (2003): 1695-1725.</p> <p>Chaney, Thomas. "Distorted gravity: the intensive and extensive margins of international trade." <i>American Economic Review</i> 98, no. 4 (2008): 1707-1721.</p>
Topic(s) in International Economics	
19/11, 20/11	Openness and Economic Growth
26/11	Student Presentations
27/11	Student Presentations
15/12	Research paper due