Course Syllabus
Econ 555: International Trade
Academic Year 2016-2017
Winter Session Term 2

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Introduction

This is a graduate level course in international trade. We will cover the different theories of international trade and empirical applications. As I update the content of the course, the syllabus may change and I will post the updated version on Connect.

Schedule

Class hours: M-W 12-1:30, UCLL 109

Recommended Books:


Additional Recommended books:


Jonathan Eaton and Sam Kortum are in the process of writing a book that will be useful for some of the topics covered in this course. The book title is “*Technology in the Global Economy: A Framework for Quantitative Analysis*”.

**Class web site**

The class website is on Connect at [www.connect.ubc.ca/](http://www.connect.ubc.ca/). Class announcements, problem sets, syllabus, lecture slides, and the reading list will be available on the website. I will update the website regularly as the class proceeds.

**Articles:**

Most of the readings are available online. You can search all online journals via the UBC Library. I will make sure readings not available online will be posted on Connect.

**Grading**

There are three elements to your final grade:

- Problem sets (30%): there will be 3 problem sets which will include both empirical exercises and model-based questions. You can collaborate on problem sets. I just want everyone to contribute equally to the final outcome.
- A final exam (40%) during Final Exam period
- Gravity exercise (30%): you will have to replicate and extend the results in Head and Mayer’s Handbook Chapter “Gravity Equations: Workhorse, Toolkit, and Cookbook” which we will discuss in class halfway through the course. Extending the results means that you will have to formulate a novel hypothesis and test it on the data. The write-up of the replication exercise will be due at the end of the course on April 5th.
Class Outline and Readings

Not all the following readings are required. It will be obvious from the lecture notes which papers you need to cover in detail. I will not ask questions in the exam that are based on material that is in the paper, but not on the slides. You should take this reading list as a reference if you want to explore certain topics in depth.

1. Gains from trade and comparative advantage (2 classes)

- Dixit-Norman Chapter 2, 3, 4
- Feyrer, James. 2009. “Distance, Trade, and Income - The 1967 to 1975 Closing of the Suez Canal as a Natural Experiment”

2. Technology Differences: Ricardian Trade Theory (3 classes)

- Feenstra Chapter 1
3. Factor Endowment Differences: Heckscher - Ohlin Theory (3 classes)

- Feenstra Chapter 1 (second part), 2 and 3
- Helpman-Krugman (1985) Chapter 1
- Dixit-Norman Chapter 4

4. Imperfect Competition and Trade: Monopolistic Competition (Theory and Empirics) (3 classes)


5. Imperfect Competition, Productivity Differences and Trade: the “Firm Heterogeneity” Models and Empirical Evidence (3 classes)


6. Gravity and Transportation Costs (2 classes)


7. Variable Mark-ups and Pro-Competitive Effects of Trade (2 classes)


8. International Trade and Labor Markets (4 classes)


9. International Trade, Quality and Innovation (3 classes)


