Economics 247: Empirical Topics in International Trade Spring 2012

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Class: TuTh 11:00am-12:20pm (Econ 300)
Office hours: M 12:30-2:00pm (and by appointment)

This is the third course in the graduate international economics sequence. The goals of the course are: (i) to introduce students to current topics of interest in international trade, with a heavy emphasis on empirical work, (ii) to help students develop skills for a research career, including evaluating existing research, presenting their work, working collaboratively, and defining and organizing a research project, and (iii) to help students identify the topic for a research paper that will be part of their dissertation.

Class meetings will be a combination of traditional lectures, discussion sections led by students (which will be concentrated in the first half of the term), and formal student presentations (which will be concentrated toward the end of the term).

Requirements: There are three graded assignments for the course.

1. A two-page referee report, evaluating a paper that we read for class. Students will present their evaluation in class in a 20-minute Powerpoint presentation. The report should (a) identify the question the paper addresses and the gap in the literature the paper attempts to fill, (b) briefly summarize the paper’s research methodology, data sources, identifying assumptions, and results, (c) critically evaluate the components listed in (b), and (d) make recommendations for how the paper can be improved. I will present the first referee report in the first week of class to provide a template that can be emulated. Following the presentation we will have a class discussion about the paper.

2. A collaborative econometric project in which students use data on bilateral trade flows, bilateral tariffs, and other barriers to trade to estimate the elasticity of trade with respect to trade costs. I will provide the trade and tariff data. The other trade barrier data are available at http://www.cepii.fr/anglaisgraph/bdd/gravity.htm. Students will be organized into two randomly assigned groups. Each group will prepare a ten-page writeup of their estimation and results. In class, each group will present the findings of the OTHER group in a 25-minute Powerpoint presentation. Writeups will be due and presentations will take place in the eighth week of class.

3. A research proposal in which students present a detailed plan for a research paper that is substantial enough to count as a dissertation chapter. The proposal should be eight to ten pages in length. It should state the question to be answered, briefly summarize relevant literature, identify gaps in the literature that the paper will fill, outline the research methodology to be employed, identify data sources to be used, present an
econometric specification, discuss identifying assumptions, and if possible present preliminary results. Students will present their proposals during the last week of class.

Key for journals: AER (American Economic Rev.), EMA (Econometrica), EER (European Economic Rev.), EJ (The Economic Jo.), IER (International Economic Rev.), JDE (Jo. of Development Economics), JEL (Jo. of Econ. Lit.), JEP (Jo. of Econ. Perspectives), JIE (Jo. of Internntl Economics), JPE (Jo. of Political Economy), QJE (Quarterly Jo. of Economics), ReStud (Rev. of Economic Studies), ReStat (Rev. of Economics and Statistics).

(*) Indicates optional reading that will not be discussed in class (or at least not at length).

1. The Gravity Model and the Causes of Trade

(a) Theory (4/3)


(b) Discussion-GH (4/5)


(c) Zero Trade Flows (4/10)


2. Comparative Advantage

(a) Theory and Estimation (4/17)


(b) Discussion/Referee reports (4/19)


3. Trade and Wages

(a) Firms and Industries (4/24)


(b) Regional Labor Markets (4/26)


(c) Discussion/Referee Reports (5/1)


4. Heterogeneous Firms

(a) Estimation (5/3)


(b) Discussion/Referee Reports (5/8)

5. Multinational Firms

(a) Export versus FDI Decision (5/10)


(b) Production Sharing (5/15)


(c) White Collar Occupations and Trade (5/17)


6. Group Project Presentations (5/22)
7. Innovation and Trade: The Case of China

(a) Quantifying Trade Shocks (5/24)


(b) Trade Liberalization, Innovation and Productivity Growth (5/29)


8. Trade and Finance (5/31)


9. Project Proposals (6/5, 6/7)