Course description
This is a graduate course in international trade. It introduces the fundamental concepts and tools of international trade and economic geography to prepare students to tackle research questions in these areas.

This course is the first in a two-part trade sequence. The second is taught by Felix Tintelnot.

Assessment
Grades will be based on assignments (70%) and a final exam (30%).

I will give three types of assignments

- Economics: I will ask you to derive a theoretical result or survey an empirical literature.
- Programming: I will ask you to write a function that solves for equilibrium or estimates a parameter. See comments on computation below.
- Referee reports: I will ask you to write a referee report on a recent working paper.

Presentation and writing
Graduate students often underestimate the importance of good writing and presentation skills. A job market paper must teach us something new. Teaching means communicating your content to the audience. A useful idea that cannot be conveyed is not a useful idea.

Clear presentations also build others' confidence that you are a clear thinker. As a well-known IO economist once said, “if I see typos in your slides, I know there are typos in your code.”

Computation
Scientific computation is important. You have choices to make. See “A Comparison of Programming Languages in Economics.” I recommend Julia. Julia’s advantages are that it is open source and typically faster than Matlab. Its downside is that it is a young language, so its syntax is evolving. To get started doing economics in Julia, see Sargent and Stachurski’s “Lectures in Quantitative Economics.” You may submit Julia or Matlab code as homework solutions. Please confer with me before submitting code written in other languages.

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1 https://github.com/jesusfv/Comparison-Programming-Languages-Economics
3 https://lectures.quantecon.org/jl/
Referee reports
See Berk, Harvey, and Hirshleifer’s “Preparing a Referee Report: Guidelines and Perspectives” for recommendations.

Other resources
• Alan Deardorff’s Glossary of International Economics
• Arnaud Costinot and Dave Donaldson’s PhD class materials
• I will link to relevant Trade Diversion blog posts

Course Outline and Reading List
I have opted for a minimalist reading list. Every reading listed below is required. We will discuss each paper and chapter that is listed in considerable detail. Do the readings before class each week.

If you’re going to be a trade economist, you ought to own the following books:

Week 1: Gains from Trade and Comparative Advantage
• Dixit and Norman textbook, chapters 1 and 3.

Week 2: Deterministic Ricardian models

Week 3: Probabilistic Ricardian models

Week 4: Gravity and gains from trade

Week 5: Multiple factors of production

• Feenstra textbook, chapters 1 and 2.

Week 6: Increasing returns and home-market effects


Week 7: Heterogeneous firms


Week 8: Models of agglomeration


Week 9: Economic geography

Week 10: Spatial sorting of skills and sectors