International Trade: Theory and Applications

Instructors: Gianmarco Ottaviano and Alessandro Sforza

A. Overview

Course description: The aim of the course is to provide students with contemporary tools for conducting state-of-the-art research on the main issues concerning international trade in the age of globalization and accelerated technological change. The focus is on the firm-level approach originated from “new trade theory”, in particular on the implications of market structure for the gains and losses from trade. The tools will be both theoretical and empirical with special emphasis on the analysis of firm-level data and new quantitative trade models.

Teaching methods: Presentation and discussion of selected core papers for each topic with an overview of related literature. By the end of the course students should have acquired a clear understanding of the topics covered being able to use the taught tools for research on international trade issues.

Assessment methods: Final written exam.

Office hours: By appointment.

B. Theory (14 hours: Gianmarco Ottaviano)

Topics:

1. Microfoundations of Gravity Equations (Head-Mayer)
2. Trade, Scale and Product Variety (Krugman)
3. Trade and Selection (Melitz)
4. Trade and Competition (Melitz-Ottaviano)
5. Technology and Trade (Eaton-Kortum)
6. Gains from Trade and Trade Policy (Arkolakis-Costinot-Rodriguez Clare)

Compulsory readings:


Optional readings (broader overviews):


C. Applications (10 hours: Alessandro Sforza)

Topics:

1. Trade and labor
2. Firm performance
3. Firm organizations
4. Migration and trade
5. Multinational firms in a global economy
Compulsory readings:

Trade and labor


Firm performance


Mion, G., and Oproomolla, L. D. (2013) “Manager mobility, trade performance, and wages” (JIE)

Firm organization


Migration and trade


*Multinational firms in a global economy*
