

## Syllabus

### 1 General information

Lecturer	M.Sc. Knut Niemann
Email	knut.niemann@uni-tuebingen.de
Office hours	by appointment
Time	mondays, 8:30 am to 11:45 am
First meeting	15 April 2024
Location	E01, Mohlstraße 36
Prerequisites	Advanced Microeconomics (E424)
Credits	9 ECTS (M.Sc.)
Assessment	Written exam (90 min.) at the end of the term. Bonus points can be earned from problem sets completed during the term.

### 2 Content

The course provides an overview of international trade theory. It introduces students to the key models that are at the heart of current research in international trade. Students will learn about the determinants of international trade patterns, the effects of international trade on domestic welfare, the domestic income distribution, and the effect of trade policies.

The course is structured into six blocks:

1. Ricardian trade theory
2. Factor proportion theory
3. New trade theory and ‘new’ new trade theory
4. Gravity
5. Offshoring
6. Trade Policy

### 3 Tentative Schedule

Date	Week	Session	Topic
15.04.2024	1	Lecture	Introduction & Ricardo
22.04.2024	2	Lecture	Dornbusch-Fischer-Samuelson
29.04.2024	3	Lecture	Eaton-Kortum
06.05.2024	4	Tutorial	Concepts & Ricardo (Problem set due 1 May)
13.05.2024	5	Lecture	Heckscher-Ohlin
20.05.2024	6		Break (Pfingsten)
27.05.2024	7	Tutorial	Dornbusch-Fischer-Samuelson & Eaton-Kortum (22 May)
03.06.2024	8	Lecture	Krugman
10.06.2024	9	Lecture	Melitz
17.06.2024	10	Lecture	Chaney & Gravity
24.06.2024	11	Tutorial	Eaton-Kortum & Krugman/Melitz (19 June)
01.07.2024	12	Lecture	Offshoring
08.07.2024	13	Lecture	Trade policy
15.07.2024	14	Tutorial	Recap

## 4 Literature

### 4.1 Textbook

Feenstra, Robert C. (2016). *Advanced international trade. Theory and evidence*. Second edition. Princeton: Princeton University Press.

### 4.2 Papers

Arkolakis, Costas, Arnaud Costinot, and Andrés Rodríguez-Clare (2012). “New trade models, same old gains?” *American Economic Review* 102 (1), 94–130.

Bernard, Andrew B, J Bradford Jensen, Stephen J Redding, and Peter K Schott (2007). “Firms in international trade”. *Journal of Economic perspectives* 21 (3), 105–130.

——— (2018). “Global firms”. *Journal of Economic Literature* 56 (2), 565–619.

Dekle, Robert, Jonathan Eaton, and Samuel Kortum (2007). “Unbalanced trade”. *American Economic Review* 97 (2), 351–355.

Eaton, Jonathan and Samuel Kortum (2002). “Technology, geography, and trade”. *Econometrica* 70 (5), 1741–1779.

——— (2012). “Putting ricardo to work”. *Journal of Economic Perspectives* 26 (2), 65–90.

Helpman, Elhanan and Paul Krugman (1987). *Market structure and foreign trade: increasing returns, imperfect competition, and the international economy*. MIT press.

Krugman, Paul (1979). “Increasing returns, monopolistic competition, and international trade”. *Journal of International Economics* 9 (4), 469–479.

——— (1980). “Scale economies, product differentiation, and the pattern of trade”. *American Economic Review* 70 (5), 950–959.

——— (2002). “Ricardo’s difficult idea”, <http://web.mit.edu/krugman/www/ricardo.htm>.

Melitz, Marc J (2003). “The impact of trade on intra-industry reallocations and aggregate industry productivity”. *Econometrica* 71 (6), 1695–1725.

Melitz, Marc J and Stephen J Redding (2014). “Heterogeneous firms and trade”. *Handbook of international economics* 4, 1–54.

Yotov, Yoto (2022). “Gravity at sixty: the bijou of trade”. Mimeo. LeBow College of Business, Drexel University.

### 4.3 Compulsory readings

Among those listed above, the following are compulsory readings: Feenstra (2016), Eaton and Kortum (2002), Krugman (1979), and Melitz (2003).