

Theory of International Economics

Basics University at Albany, SUNY Fall 2015
Theory of International Economics, ECO 745

Days and hours: 1:15-2:35PM Wednesday & Friday
Class location: BA 214

Course website: <http://www.albany.edu/~rossbach/eco745.html>

Instructor Jack Rossbach Office hours: 3:00-4:00PM Wednesday
jrossbach@albany.edu Office location: BA 109B

Course Description This course will focus on theoretical and quantitative advances in the field of international trade. We will review Ricardian and H-O trade theory before moving on to monopolistic competition and Armington models of trade. The bulk of the course will be spent discussing modern developments in international trade, focusing on models featuring heterogeneous firms in Ricardian and monopolistically competitive frameworks. We will briefly touch on the gravity literature and spend time familiarizing ourselves with data sources useful for studying international trade.

Assessment Methods **Problem Sets** 50%
Problem sets will be assigned approximately every two to three weeks. Solutions are expected to be typed (word, latex, mathtype, etc) and can be submitted in person or by email. Assignments will be penalized 10 points each week they are late, and penalized 10 points if they are not typed (out of 100).

In Class Presentation 20%
Students will be asked to read a recent paper related to international trade and deliver a short presentation reviewing the paper.

Exams 30%
There will be a final exam on the last day of class. Students must make arrangements at least a week in advance if they require an alternative exam time.

Grading Scale A-F with standard cutoffs.

Course Materials There is no required textbook for this course. The primary course materials will be lecture notes and slides, which will be available on the course website.

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Topics Preliminaries
Ricardian and Heckscher-Ohlin models of international trade

New Trade Theory
Monopolistic competition and increasing returns to scale

Computational GE
Armington models, the Michigan Model of trade

Gravity
Gravity regressions, gravity in GE models

Heterogeneity
Melitz, Eaton-Kortum, the extensive margin

Welfare Gains
Trade elasticities, ACR, non-parametric methods

Optional
Trade agreements, regional economics, spillovers

References A list of references for key papers will be made available on the course website.

Undergraduate level textbooks useful for reviewing preliminaries:
-International Economics: Theory and Policy by Krugman, Obstfeld, and Melitz
-Advanced International Trade by Feenstra

Absences http://www.albany.edu/health_center/medicaexcuse.shtml

Academic Integrity http://www.albany.edu/undergraduate_bulletin/regulations.html