1. Overview

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Tuesday and Thursday, 1:30-2:45
Office hours: Tuesday, 2:45-4:45

EC871 aims to provide basic training and knowledge to students who consider international trade as one of their research fields. I attempt to strike a balance between the “extensive” and the “intensive” margins of course materials: extensive margin refers to an overview of various topics in this field, while intensive margin means technical training on selected topics. By the end of the semester, students are expected to know both common techniques and the big picture of related literature when starting their own projects or reading papers written by others. This course does not include policy-related topics, which will be covered in EC876.

2. Grading

Problem sets (20%)
Referee report (20%)
Presentation (15%)
Cumulative Final (45%): date TBD (by our department).

Students are assumed to know BC’s policies on academic integrity: www.bc.edu/integrity.

3. Reading list

The main textbook is Advanced International Trade: Theory and Evidence (R.C. Feenstra, Princeton University Press, 2003), which will be used along with papers in the reading list. The following two textbooks are also useful for some topics:


This list includes more papers than we cover in detail during class meetings. I suggest reading those not covered in detail, and highly recommend so if a student wants to take a comprehensive exam that includes international trade.

This list may be updated as the course progresses.

Common abbreviations for journals:
- AER=American Economic Review
- AERPP= American Economic Review Papers and Proceedings
- ECA=Econometrica
- QJE=Quarterly Journal of Economics
- RES= Review of Economic Studies
- JIE=Journal of International Economics
- JEL=Journal of Economic Literature
- JEP=Journal of Economic Perspective

(1) The Ricardian model


(2) The Heckscher-Ohlin model and the Ricardo-Viner model


(Our own notes)


(3) Monopolistic competition, increasing return and varieties


(4) Gravity equation, trade cost and geography


(5) Trade models with firm heterogeneity


(6) Global production and multinational enterprises

(6.1) Horizontal production


(6.2) Vertical production


(6.3) Incomplete contract


(7) Other topics in trade

(7.1) Growth and technology

• Alesina A., E. Spolaore and R. Wacziarg, “Economic Integration and Political Disintegration,” AER 2000

(7.2) Exchange rate, finance, and crisis

• Amiti, M., O. Itskhioki, and J. Konings, “Importers, exporters, and exchange rate disconnect” AER forthcoming.
• Manova, K., “Credit Constraints, Heterogeneous Firms and International Trade,” RES 2013.