

Syllabus

International Trade Theory and Policy

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This course provides an introduction to international economics, concentrating on trade theory and policy. In the lecture we will discuss the main theoretical approaches that explain the structure and volume of trade as well as important issues in trade policy. The accompanying seminar provides a deeper insight into trade related issues by discussing empirical papers. All parts of the course will be held online.

Programme – Lecture (VU)

Michael Pfaffermayr

We will use the book by *van Marrewijk, Ch. (2012): International Economics - Theory, Application, and Policy. Oxford University Press. Second edition.* Additional material (slides) will be provided in OLAT. There is also a web-site for the book (see <http://global.oup.com/uk/orc/busecon/economics/vanmarrewijk2e/>).

Grading of the Lecture

During the semester there will be three take-home exams. They make up 30 % of the lecture's grade. At the end of the semester, on Monday June 28th the final exam is held. The final exam makes up 70 % of the the lecture's grade.

Total Grade

For students in the Bachelor programme and students of *International Economics and Business Studies (IWW)* the final grade is a weighted average of the evaluations in the lecture **and** the seminar based on the credits of the lecture and the seminar. For students of *Law and Economics* the final grade is the grade of the lecture.

The lecture will be held online and starts with an introductory session on Monday March 15th, 2021, 8:30-10:45. Afterwards the lecture takes place weekly from 8:30 to 10:45.

Lecture outline

Date	Content	Chapter
Mo, 15.03.2021	Introduction and Organization	
Mo, 22.03.2021	Stylized facts on trade; the gravity model	
Mo, 12.04.2021	Classical Trade: Technology	Ch 3
Mo, 19.04.2021	Production Structure in the HO model	Ch 4
Mo, 26.04.2021	Factor prices & production	Ch 5+6
Mo, 03.05.2021	Factor abundance	Ch 7
Mo, 10.05.2021	Trade policy	Ch 8
Mo, 17.05.2021	Economic integration	Ch 13
Mo, 31.05.2021	Imperfect competition	Ch 9
Mo, 07.06.2021	Intra-industry trade	Ch 10
Mo, 14.06.2021	Heterogeneous firms	Ch 17
Mo, 21.06.2021	Repetitorium	
Mo, 28.06.2021	Endterm exam	

Proseminar

Michael Pfaffermayr & Richard Pirker

LV-Nr. 432046: seminar outline

Day	Date	Time	Room	Subject
Fr	March 19	11.00-13.30	online	Introduction & Tutorial
Fr	April 16	13.00-17.30	online	Module 1
Fr	April 30	13.00-17.30	online	Module 2
Fr	May 7	11.00-11.45	online	1st written exam
Fr	May 21	13.00-17.30	online	Module 3
Fr	May 28	13.00-17.30	online	Module 4
Fr	June 11	11.00-11.45	online	2nd written exam

Aim and structure of the seminar

The seminar provides a deeper insight into trade related issues by discussing empirically oriented papers. The focus is on the discussion of the research question, the empirical analysis and on the interpretation of the results. The participants learn to classify research articles and to critically question it. The seminar also offers an opportunity to improve presentation and discussion skills. The seminar consists of presentations of eight papers given by students, preparation of short contributions, i.e., questions, and two short written exams.

Presentation:

- The papers are available for download on OLAT at ‘Ordner – Papers’.
- The group-building mechanism for the presentations works as follows:
 - Each student enrolls for a paper of their choice on OLAT at “presentation groups”;
 - A paper’s presentation group is full until the predefined number of available slots per paper is filled, i.e., “first come, first serve”;
 - The enrolment period for the papers starts on Friday, March 19, at 3 pm.
- The presentation should give a comprehensive overview of the paper, comprising
 - the research question,
 - the status of the literature & the papers’ contribution to the existing literature,
 - the description of the data,
 - the empirical model,
 - the results and
 - (policy) conclusions.
- Each presentation team member is required to present
 - The benchmark for the length of the presentation is 60 minutes. This is the benchmark for a presentation group of four people. This corresponds with around 15 minutes per presenter.
 - The presentation’s duration can be shorter if fewer than four students are in a group. However, each presenter should still present for around 15 minutes.

- In the event of a paper being presented entirely by one student, the presentation must not be shorter than 30 minutes so that the paper’s content can be adequately covered.
- Send the presentation slides until Friday, 5pm, one week before the paper has to be presented via e-mail to michael.pfaffermayr@uibk.ac.at for the first and second module or R.Pirker@uibk.ac.at for the third and fourth module. The presentation slides will be considered in the grade.
- We reserve the right to choose WHO is going to present WHICH part and will inform you about this decision 48 hours before the seminar starts.
- 49 points are achievable at the most, 24.5 points are necessary to be graded positively.

Written exams:

- There are two written exams in the seminar. The first exam covers the papers of the first and second module. The second exam covers the papers of the third and fourth module.
- Each exam takes approx. 40 minutes and contains 4 questions.
- The answer to each question is worth up to 7 points.
- The question in which you score the least points will not be considered.
- All in all there are 49 points achievable, from 24.5 on you are graded positively.

Questions:

The participants are expected to prepare for the respective units and actively participate in the seminar:

- Each (!) participant reads each (!) paper and formulate one questions for each paper, which we will discuss in the PS. This implies that also each presenter of a paper formulates a question about their selected paper. Questions may relate to the methodology or the content of the papers. Also argue on what motivates your questions and why are the questions important.
- Upload on OLAT your questions for each module’s papers until Friday, 5pm, one week before the paper has to be presented. Please upload your questions as follows.
 - For each module there is a respective folder named “Module # question”, where # in the folder name denotes the number of the module.
 - Click on that folder and then select the paper for which you would like to hand in your question.
 - For each paper there are five predefined question categories. Please upload your question under the question category that suits your question most.
- You can get 0.25 points per question. Be prepared to moderate, explain and motivate your question during the online lesson. The latter requires that you have a microphone so that you can express yourself orally during the seminar. Overall, you can achieve 2 points for the questions.
- The questions are voluntary. Therefore there is no required minimum of points to pass this course component. However, the question points might come in handy for achieving the next better mark at the end of the semester.

Grading of the Proseminar

- Both parts (presentation; exams) have to be completed positively.
- According to the exams, 49 points are achievable. From 24.5 on you are graded positively.
- According to the presentation, 49 points are achievable. 24.5 points are necessary to be graded positively. A late submission of the presentation slides will lead to a deduction of points.
- You can achieve 2 points for the questions and their motivation. A late submission leads to a loss of points!
- To pass the course 50/100 points are required.

Overview: grade components and points

Grade Components	Points	
	max.	min. to pass
a) presentation	49	24.5
b) 1 st exam	24.5	24.5/49
2 nd exam	24.5	
c) questions	2	0
Min. requirement to pass the seminar	50/100	

Topics and Literature

Date	Topic	Literature
April 16	Trade costs Brexit	<p>Donaldson, D. (2018). Railroads of the Raj: Estimating the impact of transportation infrastructure. <i>American Economic Review</i>, 108(4-5), 899-934.</p> <p>Brakman, S., Garretsen, H., & Kohl, T. (2018). Consequences of Brexit and options for a Global Britain. <i>Papers in Regional Science</i>, 97(1), 55-72.</p>
April 30	Trade policy	<p>Conconi, P., García-Santana, M., Puccio, L., & Venturini, R. (2018). From final goods to inputs: the protectionist effect of rules of origin. <i>American Economic Review</i>, 108(8), 2335-65.</p> <p>Felbermayr, G., & Sandkamp, A. (2020). The trade effects of anti-dumping duties: Firm-level evidence from China. <i>European Economic Review</i>, 122, 103367.</p>
May 21	Heterogeneous firms Classical Trade Theory	<p>Bernard, A. B., Jensen, J. B., & Schott, P. K. (2005). Importers, exporters, and multinationals: A portrait of firms in the US that trade goods (No. w11404). <i>National Bureau of Economic Research</i>.</p> <p>Costinot, A., Donaldson, D., & Komunjer, I. (2012). What goods do countries trade? A quantitative exploration of Ricardo's ideas. <i>The Review of economic studies</i>, 79(2), 581-608.</p>
May 28	Economic integration Environment and trade	<p>Dauth, W., Findeisen, S., & Suedekum, J. (2014). The rise of the East and the Far East: German labor markets and trade integration. <i>Journal of the European Economic Association</i>, 12(6), 1643-1675.</p> <p>Shapiro, J. S. (2016). Trade costs, CO2, and the environment. <i>American Economic Journal: Economic Policy</i>, 8(4), 220-54.</p>