

International Economics Development Economics

Academic year 2021-2022

Advanced International Trade B: Topics in International Trade

EI088 - Printemps - 3 ECTS

Course Description

This is the first course in a two-part sequence. We study recent developments in empirical international trade and focus on estimation methods drawn from the field of empirical industrial organization. The reading materials include a mix of trade theory papers, empirical trade papers and industrial organization applications. The sessions will combine expositions by the lecturer, presentations by students and hands-on coding, mostly in Matlab and Stata.

We will start by studying the sources, implications and empirical patterns of heterogeneity across firms in international trade. Focusing on productivity heterogeneity, we will study approaches for estimating production function parameters, as well as supply-side approaches to recover heterogeneous markups.

> PROFESSOR

[Julia Cajal Grossi](#)

[Office hours](#)

> ASSISTANT

[Office hours](#)

Syllabus

Assessment: The grade will be based on the presentation and discussion of a paper in class (50%) and a take-home, individual applied exercise sheet (50%).

Tentative Reading List:

0) Refresher on Estimation (Stata and Matlab).

In class material (Instrumental Variables, Seemingly Unrelated Regressions and Maximum Likelihood).
Matlab "Get Started": https://www.mathworks.com/help/pdf_doc/matlab/getstart.pdf

1) Heterogeneous Markups (demand).

Costas Arkolakis, Arnaud Costinot, Dave Donaldson, Andrés Rodríguez-Clare; The Elusive Pro-Competitive Effects of Trade, *The Review of Economic Studies*, Volume 86, Issue 1, 1 January 2019, Pages 46–80.

Arkolakis and Morlacco (2018) A Sufficient Statistic Result for Estimating Firm-Level Pass-Through, mimeo.

Atkeson, Andrew, and Ariel Burstein. 2008. "Pricing-to-Market, Trade Costs, and International Relative Prices." *American Economic Review*, 98 (5): 1998-2031.

Amiti, Itzhaki, Konings, 2016 "International shocks and domestic prices: how large are strategic complementarities?" NBER Working Paper No. 22119

2) Demand Structures and Estimation (static).

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Maria Bas, Thierry Mayer, Mathias Thoenig, From micro to macro: Demand, supply, and heterogeneity in the trade elasticity, *Journal of International Economics*, Volume 108, 2017, Pages 1-19.

Head, K., and Mayer, T. "Poor substitutes? Counterfactual methods in IO and Trade compared", mimeo.

Berry, S., J. Levinsohn, and A. Pakes, "Voluntary Export Restraints on Automobiles: Evaluating a Trade Policy," *American Economic Review*, 1999, 89 (3), 400–430.

Goldberg, P., "Product Differentiation and Oligopoly in International Markets: The Case of the US Automobile Industry," *Econometrica*, July 1995, 63, 891–951.

Khandelwal, Amit, "The Long and Short (of) Quality Ladders," *Review of Economic Studies*, 2010, 77, 1450-1476.

Verboven, F., "International Price Discrimination in the European Car Market," *Rand Journal of Economics*, 1996, v27n2, 240-68.

Verhoogen, Eric A., "Trade, Quality Upgrading, and Wage Inequality in the Mexican Manufacturing Sector," *Quarterly Journal of Economics*, 2008, 123 (2), 489–530.

Estimation

Berry, S.T. (1994), "Estimating Discrete-Choice Models of Product Differentiation," *Rand Journal of Economics*, 25(2), 242–262.

Berry, S.T., J. Levinsohn, and A. Pakes (1995), "Automobile Prices in Market Equilibrium," *Econometrica*, 63(July), 841–990.

Nevo, A. (2000), "A Practitioner's Guide to Estimation of Random Coefficients Logit Models of Demand", *Journal of Economics & Management Strategy*, 9(4), 513–548.

Petrin, A. (2002), "Quantifying the Benefits of New Products: The Case of the Minivan", *Journal of Political Economy*, 110, 705–729.

3) Information Frictions and Contracts.

Trade

Jonathan Eaton & Francis Kramarz & Samuel Kortum, 2019. "Firm-to-Firm Trade: Exports, Imports, and the Labor Market," 2019 Meeting Papers 702, Society for Economic Dynamics.

Chaney, Thomas. 2014. "The Network Structure of International Trade." *American Economic Review*, 104(11): 3600-3634.

Dickstein, M., and Morales, E. (2016) « What do exporters know? », NBER working paper, unpublished.

Morales, E., Sheu, G., and Zahler, A. (2014) "Gravity and Extended Gravity: Estimating a Structural Model of Export Entry", unpublished (Working Paper 19916)

Allen, T. (2014). INFORMATION FRICTIONS IN TRADE. *Econometrica*, 82(6), 2041-2083.

Eaton, J., Jinkins, D., Tybout, J., Xu, D. (2016). "Two sided search in international markets", unpublished.

Estimation

Bundorf M.K., J. Levin, and N. Mahoney (2012), "Pricing and Welfare in Health Plan Choice", *American Economic Review*, 102(7), 3214-3248.

Crawford G.S., N. Pavanini, and F. Schivardi (2018), "Asymmetric Information and Imperfect Competition in Lending Markets", *American Economic Review*, 108(7), 1659-1701.

Einav, L., A. Finkelstein, and M.R. Cullen (2010a), "Estimating Welfare in Insurance Markets using Variation in Prices", *Quarterly Journal of Economics*, 125(3), pp. 877-921.

Einav, L., A. Finkelstein, and J. Levin (2010b), "Beyond Testing: Empirical Models of Insurance Markets", *Annual Review of Economics*, 2, pp. 311-366.

Handel, B.R. (2013), "Adverse Selection and Inertia in Health Insurance Markets: When Nudging Hurts", *American Economic Review*, 103(7), pp. 2643-2682.