Identification	Subject (Code, title, credits)	IB 844 İnternational Trade- 3KU/6ECTS
	Department	Economics and Management
	Program (Undergraduate, graduate)	MBA
	Term	Fall, 2023
	Instructor	Sara Huseynova, Ph.D.
	E-mail:	sarahuseynova@gmail.com
	Phone:	huseynova.sara@khazar.org
	Classroom/hours	122 Bashir Safaroghlu st., Khazar University Saturday,18:30
	Office hours	
Prerequisites	ECON 801 Advanced Microeconomics	
Language	English	
Compulsory/Elective	Required	
Required Textbooks and Course Materials	**Textbooks:** • Anderson, James E. 2011. "The Gravity Model." Annual Review of Economics, 3(1): 133–60. Anderson, James E., and Van Wincoop, Eric. 2003. "Gravity with Gravitas: A Solution to the Border Puzzle." American Economic Review, 93(1): 170–92. Anderson, James E., and Yoto 5. Yotov. 2010. "The Changing Incidence of Geography." American Economic Review, 100(5): 2157–86. • Anderson, James E., Mario Larch, and Yoto V. Yotov. 2018. "GEPPML: General equilibrium analysis with PPML." World Economy, 41(10). Chaney, Thomas. 2018. "The Gravity Equation in International Trade: An Explanation." Journal of Political Economy, 126(1): 150–77. • Costinot, Arnaud, and Andr ́es Rodr ́ıguez-Clare. 2014. "Trade Theory with Numbers: Quantifying the Consequences of Globalization." In Handbook of International Economics. Vol. 4,, ed. Elhanan Helpman, Kenneth Rogoff and Gita Gopinath, Chapter 4, 197–261. Amsterdam: Elsevier. Dornbusch, Rudiger, Stanley **Supplementary books:** • Fischer, and Paul A. Samuelson. 1977. "Comparative Advantage, Trade, and Payments in a Ricardian Model with a Continuum of Goods." American Economic Review, 67(5): 823–39. • Eaton, Jonathan, and Samuel Kortum. 2010. "Technology in the Global Economy: A Framework for Quantitative Analysis." University of Chicago, unpublished manuscript. Head, Keith, and Thierry Mayer. 2014. • "Gravity Equations: Workhorse, Toolkit, and Cookbook." In Handbook of International Economics. Vol. 4, ed. Elhanan Helpman, Kenneth Rogoff and Gita Gopinath, Chapter 3, 131–195. Amsterdam: Elsevier.	
Course Outline	This course will examine the causes and consequences of international trade. We will combine microeconomic models and empirical methods to understand the reasons nations trade, who gains from trade, and how firm and consumer-level behavior impact overall patterns of trade. Building on these frameworks, we will study how trade flows are impacted by changes in policy (e.g., tariffs and other institutions), technology, and economic development, and assess what the welfare implications of these changes are.	

Course Objectives	After completion of this course, you will be able to: • Explain the economic forces that drive the global division of labor.
	• Predict the global location of export-leading and import-competing industries across countries.
	• Analyze causes and consequences of specialization in economic activity and their evolution over time.
	• Associate trade imbalances with the foundational macroeconomic conditions.
	• Apply the gravity model of international trade to estimate trade patterns and predict trade flows.
	• Assess the relative importance of geographic and political barriers to trade and the economic consequences of their change.
	• Provide theoretical rationales for the empirical success of the gravity model of international trade, based on precise theoretical foundations.
	• Interpret and adequately treat the individual components of the gravity model of international trade for theoretical analysis, estimation, and simulation
	. • Use the theoretical foundations to estimate a structural gravity model of international trade, employing state-of-the-art methods.
	• Produce rigorous counterfactual simulations of the global economy under alternative trade policy scenarios.
	• Discuss local impacts of global integration, including labor-market consequences.
	• Produce original econometric work to address a global economic or policy issue of your choice.
Learning Outcomes	At the conclusion of the course, students should be able to: Familiarize students with core concepts in economics of international trade and trade policy
	• Model-based reasoning: Students will learn how to use formal models to understand patterns in the data and policy effects and develop understanding of how results depend on underlying assumptions.
	• Data-driven analysis: Students will develop skills analyzing and presenting trade-related datasets. Specifically, students will gain experience using economy theory to guide empirical analysis and using data to assess economic theories.
	• Provide opportunity to develop presentation and exposition skills

	Lecture	X
	Group Discussion	X
	Experiential Exercise	X
	Case analysis	X
	Course Paper	X

	Methods	Date/deadlines	Percentage (%)
	Midterm Exam	11.11.2023	30
	Class Attendance		5
	Class activity		5
Evaluation	Report	one or two weeks before final presentation	10
	Project/Presentation	30.12.2023	10
	Final Exam		40
	Total		100

Policy	**Attendance:** Students exceeding the 30% absence limit will not be allowed to participate at final exam. Class attendance shall mean physical presence in the classroom which should be 70%.
	Report: the students will submit their report one or two week before final presentation. It must contain the following sections: introduction, relevant literature/literature review, methodology, results, and discussion and conclusion. The report will be the main source of presentation.
	Presentation/Project: Also, in the last class students will make a presentation or a project based on the issues illustrated in Project section. Students are free to make the presentation alone or in group. In any case, they will analyze the situation according to gained knowledge. The group presentations will be evaluated as the collective work and will graded based on the quality of presentation as well as content of slides. If it is a project, it will be graded individually.
	The course project is designed in a way that it offers students to apply the learned concepts of the process of development of economic thought from the Antiquity till the second half of the 20th century by preparing a report. Small research groups of students that will prepare reports will consist of 2 - 5 students depending on class size. The students will choose a research topic based on their field of interest. The report must include the following sections: introduction, relevant literature/literature review, methodology, results, and discussion and conclusion. The students will submit the report using e-mail one week before the final presentation. Group presentations that are based on reports will be made in the last class. The duration of the presentation will be around 15 minutes.
	Cheating / Plagiarism: Cheating or other plagiarism issues during mid-term and final examinations will lead to paper cancellation. As result, the student will automatically get zero (0), without any considerations.

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Tentative Schedule

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Week	Date/Day (tentative)	Topics	Textbook/Assignments
1	18.09.2023	Introduction to international trade	Bernhofen, D. M., & Brown, J. C. (2004). A direct test of the theory of comparative advantage: the case of Japan. Journal of Political Economy, 112(1), 48-67. Alan Deardorff and Robert Stern: "What the Public Should Know about Globalization and the World Trade Organization," July 2000, Part I and II.
2	23.09.2023	Balance of trade and balance of payments	Eaton, J., & Kortum, S. (2012). Putting Ricardo to work. Journal of Economic Perspectives, 26(2), 65-90. Samuelson, P. A. (2004).

			Where Ricardo and Mill rebut and confirm arguments of mainstream economists supporting globalization. Journal of Economic Perspectives, 18(3), 135-146.
3	30.09.2023	Disequilibrium – Fixed and Floating Exchange Rates – Dollar Marketing	Dornbusch, R., Fischer, S., & Samuelson, P. A. (1977). Comparative advantage, trade, and payments in a Ricardian model with a continuum of goods. The American Economic Review, 67(5), 823-839. Eaton, J., & Kortum, S. (2002). Technology, geography, and trade. Econometrica, 70(5), 1741-1779
4	07.10.2023	Export management Export Promotion, Export Pricing.	Kovak, B. K. (2013). Regional effects of trade reform: What is the correct measure of liberalization? American Economic Review, 103(5), 1960-76.
5	21.10.2023	Promotional measures for export production	Trefler, D., & Zhu, S. C. (2010). The structure of factor content predictions. Journal of International Economics, 82(2), 195-207.
6	28.10.2023	Institutional support for international business	Autor, D. H., Dorn, D., & Hanson, G. H. (2016). The china shock: Learning from labor-market adjustment to large changes in trade. Annual Review of Economics, 8, 205-240. Grossman, G. M., & Rossi-Hansberg, E. (2006). The rise of offshoring: it's not wine for cloth anymore. The new economic geography: effects and policy implications, 59-102. Haskel, J., Lawrence, R. Z., Leamer, E. E., & Slaughter, M. J. (2012). Globalization and US wages: Modifying classic theory to explain recent facts. Journal of Economic Perspectives, 26(2), 119-40.

7	04.11.2023	Wto and trade liberalisation	Trefler, D., & Zhu, S. C. (2010). The structure of factor content predictions. Journal of International Economics, 82(2), 195-207.
8	11.11.2023	**Midterm Exam**	Topic1-7
9	18.11.2023	Directions of transformation of the system of WTO agreements. The Doha Round of multilateral trade negotiations, agenda items, country positions and agreements reached.	Eaton, Jonathan, and Samuel Kortum. 2010. "Technology in the Global Economy: A Framework for Quantitative Analysis." University of Chicago, unpublished manuscript. Head, Keith, and Thierry Mayer. 2014.
10	25.11.2023	Intertemporal Trade with Many Industries	Eaton, Jonathan, and Samuel Kortum. 2010. "Technology in the Global Economy: A Framework for Quantitative Analysis." University of Chicago, unpublished manuscript. Head, Keith, and Thierry Mayer. 2014.
11	03.12.2023	Firms and pattern of trade: global production, sourcing decisions and multinationals	Eaton, Jonathan, and Samuel Kortum. 2010. "Technology in the Global Economy: A Framework for Quantitative Analysis." University of Chicago, unpublished manuscript. Head, Keith, and Thierry Mayer. 2014.
12	10.12.2023	Labor-market Consequences of Globalization	Eaton, Jonathan, and Samuel Kortum. 2010. "Technology in the Global Economy: A Framework for Quantitative Analysis." University of Chicago, unpublished manuscript. Head, Keith, and Thierry Mayer. 2014.
13	17.12.2023	Globalization, Prosperity, and Equity	Eaton, Jonathan, and Samuel Kortum. 2010. "Technology in the Global Economy: A Framework for Quantitative Analysis." University of Chicago, unpublished manuscript. Head, Keith, and Thierry Mayer. 2014.

14	23.12.2023	Free-trade agreements	Eaton, Jonathan, and Samuel Kortum. 2010. "Technology in the Global Economy: A Framework for Quantitative Analysis." University of Chicago, unpublished manuscript. Head, Keith, and Thierry Mayer. 2014.
15	30.12.2023	Trade and development, **Project**	Eaton, Jonathan, and Samuel Kortum. 2010. "Technology in the Global Economy: A Framework for Quantitative Analysis." University of Chicago, unpublished manuscript. Head, Keith, and Thierry Mayer. 2014.
16	**TBA**	**Final Exam**	All chapters