Econ 261a
EMPIRICAL ANALYSIS OF TRADE POLICY
FALL 2017
Syllabus

Description
This course gives students hands-on experience in applying econometric tools to analyze contemporary empirical issues in the broad areas of international trade and economic development. Current debates question whether trade hurts or helps growth, workers, the environment, and the poor, and how trade policies should respond. To find answers, we often must examine the evidence. Students will study recent empirical research, extend and apply econometric knowledge, and carry out their own research on a topic of their choice, from data collection to econometric testing and evaluation.

Learning goals

1. Intellectual: Learn what we know about critical trade policy issues by reading and discussing professional empirical analyses.

2. Technical. Gain a deeper understanding of econometric tools and how to use them to analyze economic issues.

3. Professional: Acquire and deepen highly marketable skills, such as the ability to:
   - Carry out original research, from hypothesis formulation to econometric testing.
   - Present and discuss research findings.
   - Work with widely used economic datasets and different types of data
   - Program in Stata or other comparable statistical software

   - This course emphasizes student participation and learning by doing. It combines seminar discussions of scholarly articles, lectures/discussions that expand students’ econometric toolkits, and conference-style presentations by students of their research findings.

Prerequisites

1. Econ 213 or Econ 184, or equivalent undergraduate econometrics course.
2. Econ 260 or Econ 160, or equivalent undergraduate international trade course.

Required reading, textbooks and statistical software

**Required reading** will include selected scholarly articles, and selected chapters from the required text.

1. **Required scholarly articles** will be posted on LATTE (from EconLit via Brandeis Scholar).
2. **Required text:** J. Wooldridge (W), Introductory Econometrics: A Modern Approach (6th ed.).
   - E-Book available via link (above), with several price options.
   - Hardcopy (5th edition) available in bookstore.

**Statistical software:** STATA is available on IBS computers. You can download your own copy free here. Log in with your Brandeis ID, and follow the prompts to get Stata 15 SE. A TA will be available to provide tutorials and help with Stata. Students are free to use other statistical programs if they prefer.
Grading
1. Problem Sets (36%).
2. Class Discussion and in-class presentation (28%).
3. Research paper (36%).

Problem Sets (36%). There will be 3-4 problems sets throughout the semester. These will correspond to the topics covered in class, and will make use of real datasets, such as the World Bank’s World Development Indicators, the USITC Dataweb and the World Integrated Trade System (WITS).

Class Discussion and In-Class Presentation (28%). (1) We will explore each topic first by reading and discussing a professional journal article, and then learning econometric techniques. Students are responsible for reading the assignments prior to the class discussion, and preparing answers to the discussion questions. All students must participate in the discussion. (2) Students will also read and discuss each other’s draft papers in a Student Symposium at the end of the semester. Thus, in-class participation is crucial. Guidelines for reading, discussion, and presentations will be provided in class.

Research paper (36%). Students may choose to (1) replicate an existing study using a different dataset; (2) extend an existing study (modifying the model and/or the econometric approach). Suggested topics and guidelines will be provided in class. Students will receive feedback on draft proposals early in the semester. All students are required to turn in draft papers through TurnItIn on LATTE. After the Student Symposium, students will be able to revise their papers based on comments from the professor and the class, before turning in the final versions, also through TurnItIn.

Workload
Success in this four-credit course is based on the expectation that students will spend a minimum of 9 hours of study time per week in preparation for class (readings, papers, discussion sections, preparation for exams, etc.).

Teaching Assistant
TA: To be announced
Office hours: To be announced

Academic Integrity
You are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty—such as plagiarism—can include failing grades and/or suspension from the university. It is your responsibility to accurately cite any words, ideas, data, charts, etc., from any sources you use in your work. Citation and research assistance can be found at LTS - Library guides.

Disabilities
If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.
Readings and Course Outline

An asterisk (*) indicates required reading. The weeks are indicators only. Readings for each class will be announced in the prior class. All papers will be posted on LATTE.

Week 1

Doing empirical research in economics

A. “Hands-on” introduction:

Did trade finance constraints help cause the Great Trade Collapse?

B. Review of requirements: *Syllabus, Discussion Guidelines, and Research Assignment

C. Guidelines for research and writing: *Wooldridge, chapter 19

Weeks 1-2: Stata tutorial: date/time TBA
Weeks 1-2: Econometrics review: date/time TBA

Week 2-3

I. Is freer trade good for growth?


B. Tools: Pooled and panel data; fixed effects and difference in difference estimation
*Wooldridge, chapter 13-14

Learn more through optional readings:


Weeks 4-5

II. How serious are trade barriers in a world of global firms?


B. **Tools: Simultaneous equations**
   *Wooldridge, chapter 16

*Learn more through optional readings:*


Weeks 6-7

III. What explains the rapid rise of antidumping use by developing countries?


B. **Tools: Dichotomous dependent variables, probit, selection bias**
   *Wooldridge, ch. 17.

*Learn more through optional readings:*


Weeks 8-9

IV. Do countries benefit from preferential trade agreements?


B. **Tools:** Omitted variable bias, gravity models

   *Wooldridge, chapter 15;*
   *Short intro to gravity models (to be posted)*

   *Learn more through optional readings:*


Weeks 10-11

V. Do foreign investors create pollution havens in poor countries?


B. **Tools:** Multiple choice dependent variables, conditional logit,

   *Supplementary chapter from other econometrics text (to be posted)*

   *Learn more through optional readings:*


Weeks 12-13

**Student Symposium**