GPEC 435 — Fall 2021

Topics in International Trade

Possible Research Topics for Gravity Project

October 6, 2021

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You will research, write on, and present a project that involves gravity estimation to answer a policy or research issue in international economics.

Sample Project Ideas

There are groups of project ideas from policy topics, to economic research questions, to methodological issues.

Economic policy

- How has NAFTA shaped US-Mexico-Canada and NAFTA-world trade flows (Caliendo and Parro, 2015)?
- How have preferential trade agreements such as the EU and its gradual enlargements shaped intra-group and group-world trade flows (WTO, 2011)?
- What is the historic impact of WTO dispute settlements on US trade flows at the country or industry level (Kucik, Peritz and Puig, 2020)?
- What is the observed impact of the Brexit vote on trade flows at the country or industry level (Dhingra et al., 2017)?
- What the impact of the US-China trade war on trade flows, also among third-countries, at the industry level (Amiti, Redding and Weinstein, 2019)?
- What is the projected impact of the Mercosur-EU or Canada-EU trade agreements, or TTP (Trans-Pacific Partnership) on trade flows at the country or industry level?
- How do findings or proposals by the USITC (`https://www.usitc.gov/`) or the US Trade Representative (`https://ustr.gov/`) relate to observed or predicted trade flows at the country or industry level?

Economic research

- What explains the persistence of the "distance puzzle" (Borchert and Yotov, 2017)?
- What is the impact of non-tariff barriers on trade flows (Beghin et al., 2012)?
- How different is gravity in services trade from gravity in merchandize trade (Barattieri, 2014)?
- How can structural gravity estimation inform us about excess or missing trade (Barjamovic et al., 2017)?
- What is the impact of trade on growth, or on inequality (Frankel and Romer, 1999; Rodríguez and Rodrik, 2001; Fajgelbaum and Khandelwal, 2016; Borusyak, Hull and Jaravel, 2021)?

PROJECT SCHEDULE

You can work by yourself on the project or in a team of two. (We may consider rare exceptions.) You can form a team of two by yourselves, or ask to be randomly assigned to a classmate, or opt to do single-authored work.

A topic elaboration (proposal) is due by October 26, and a first draft of the paper on November 9. Every project team will be randomly assigned a discussant or discussant team. The discussants will receive the first draft of the paper and work on their discussion.

The project paper should have 10-12 pages and be presented in around 15 to 20 minutes using 5 to 7 slides. The final project paper can (should) take the discussant's comments into account and is due on the Friday of Finals week (December 10, 5pm).

The discussant should take 3 to 5 minutes and cannot use slides. The discussion should address main strengths and weaknesses, make concrete proposals for improvement, and assess the conceptual approach as well as the conclusiveness of results.

The time line and grade shares are as follows:

October 7. Circulation of sample project ideas

October 26, 5pm. Due date for one-page topic elaboration (proposal), submission through Canvas: 5 percent

November 9, 5pm. Due date for paper/presentation draft (10-12 pages of slides or text), to TA and instructor as well as Discussant(s), submission through Canvas and by email to Discussant(s): 10 percent

November 23–December 2. Project presentations and discussions in-class: 20 (15+5) percent

December 10, 5pm. Due date final project paper (10-12 pages of text), submission through Canvas: 20 percent

The presentation and paper together count for 50 percent of your total grade, and your discussion of someone else's paper 5 percent.

The presentation should cover the entire project. For both paper and presentation, keep the following questions in mind. First, what is the treatment effect that you are trying to estimate? What is the economic relevance of this treatment (in terms of policy or other motivations)? Is there likely to be heterogeneity in this treatment effect within the sample (e.g., across time or regions)? What are the econometric challenges that you face in the estimation? Present data in graph or table format that help motivate the potential existence of your treatment.

Second, describe the main specifications that you use in your analysis. For each specification, what is the counterfactual for the treatment? Present your main estimation results. How does your treatment effect vary across the specifications you have estimated? Which set of results do you find most credible in terms of causality? What are the policy implications of your estimation exercise?

Third, if you conduct counterfactual simulations, for example based on the gravity simulations presented in class, what are the assumptions underlying the validity of your simulation? Are simulation results sensitive, or robust, when considering different underlying gravity specifications? Are the simulated effects plausible in direction and magnitude?

Your project work must adhere to the highest standards of academic integrity. If you base your work on other sources, cite them accordingly. If you use programming code and data from existing sources, make according attributions in text and footnotes.

Your writing should be succinct and devoid of grammatical errors (your prose does not have to be elegant but it does have to communicate your ideas accurately and clearly, free of mistakes). Presentations should use data concisely and avoid information overload. There are simple rules for effective writing: omit needless words and do not overuse key words, write in the active voice, avoid adverbs, do not interject subjective opinion in place of objective analysis. There are also simple rules for presentation: favor graphs over tables, scale numerical values appropriately, be realistic about the number of slides you can present in the allotted time, limit the number of words that appear on each slide, practice repeatedly using a timer, review video of your presentations.

Assessment: Grading of the gravity project will be based on the professional quality of your written paper and oral presentations, as outlined above. Your own gravity project will count for a total of 50 percent of your final grade. Your discussion of another paper will be graded for participation (but not performance) and count 5 percent of your final grade.

WRITING TUTOR

The Writing Tutor at GPS, Karuna Kumar, offers advice for your project. Her advising hours will be Mondays and Fridays 10am-1p (Zoom) and Mondays and Fridays 2p-6p (in-person). Any student may drop by during office hours to brainstorm ideas, to discuss how to approach an assignment, or to ask general questions about writing. For feedback on a draft, email the writing assignment and the draft to Karuna Kumar (k1kumar@ucsd.edu). For a detailed response on structure, language and citations, please allow for feedback over up to 48 hours. To discuss your draft in-person, schedule an appointment during office hours. Please email your

draft at least 24 hours before the appointment for a meaningful and constructive discussion. If on a tight deadline, you may walk in during the in-person appointment hours or seek an appointment for a Zoom session during the virtual office hours.

References

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Frankel, Jeffrey A., and David Romer. 1999. "Does Trade Cause Growth?" *American Economic Review*, 89(3): 379–99.

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