

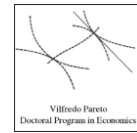


CENTRO STUDI LUCA D'AGLIANO



Università Commerciale
Luigi Bocconi

Paolo Baffi Centre
on Central Banking
and Financial Regulation



UNIVERSITA' DEGLI STUDI DI TORINO



TWELFTH SUMMER SCHOOL IN INTERNATIONAL AND DEVELOPMENT ECONOMICS

Gravity Rules in the Modern World Economy

Keith Head

(Sauder School of Business, University of British Columbia and CEPR)

Thierry Mayer

(Sciences Po, CEPII, and CEPR)

Wednesday 11 September to Saturday 14 September 2013
University of Milan, Palazzo Feltrinelli, Gargnano (BS), Italy

Syllabus

The school intends to provide an intensive training course for graduate students and young researchers who are working in the fields of international economics. This year it will focus on the new theory and empirics of gravity models. The two instructors will cover the empirical relevance, theoretical foundations, and proper estimation methods for the gravity equation, one of the most robust and reliable examples of law-like behavior in the social sciences. Although important advances have been made in the last decade, much interesting work remains to be done. The course will take students to the frontier of current knowledge and equip them with tools to facilitate continued exploration.

September 11: Introduction

- Lecture 1 (Head, 1.5 hrs): Gravity is nontrivial and true.
- Lecture 2 (Mayer, 1.5 hrs): First foundations for gravity equations

September 12 : 21st Century Gravity

- Lecture 3 (Head, 3 hours): Ricardian models, theory-consistent estimation, measuring and interpreting trade policy effects
- Lecture 4 (Mayer, 3 hours): Heterogeneous firms models and gravity and gains from trade

September 13: Recent debates and empirical applications

- Lecture 5 (Head, 3 hours): Heteroskedasticity, Zeros, with application to the distance puzzle
- Lecture 6 (Mayer, 3 hours): Margins of trade, firm level gravity

September 14: Extensions and future work

- Lecture 7 (Mayer, 1.5 hours): Putting history into gravity
- Lecture 8 (Head, 1.5 hours): Gravity beyond trade

Readings

1. Head, Keith and Thierry Mayer, forthcoming, "Gravity Equations: Workhorse, Toolkit, Cook-book" *Handbook of International Economics Volume 4* eds. Gopinath, Helpman, Rogoff.

http://strategy.sauder.ubc.ca/head/papers/headmayer_revised.pdf

2. Head, Keith and Thierry Mayer, forthcoming, "What separates us? Sources of resistance to Globalization" *Canadian Journal of Economics*

3. Head, Keith, Thierry Mayer, and John Ries, "[The erosion of colonial trade linkages after independence](#)," *Journal of International Economics* 81(1), 1-14, May 2010.

4. Crozet, Matthieu, Keith Head, and Thierry Mayer, "[Quality sorting and trade: Firm-level evidence for French wine](#)" *Review of Economic Studies* 79 (2), 609-644, April 2012.

5. "Modern Classics" we refer often to (full references in Handbook chapter)

- a) Eaton and Kortum, 2002, *Econometrica*
- b) Anderson and van Wincoop, 2003, *American Economic Review*
- c) Santos Silva and Tenreyro, 2006, "The Log of Gravity," *Rev. of Economics and Statistics*
- d) Chaney, 2008, *American Economic Review*
- e) Helpman, Melitz, and Rubinstein, 2008, *Quarterly Journal of Economics*
- f) Arkolakis, Costinot, and Rodrigues-Clare, 2012, *American Economic Review*