Empirical International and Regional Economics

Contents & Objectives:
This course focuses on the empirical analysis of current topics in international and regional economics. During the course of this lecture, we will review important econometric methods with an emphasis on application and interpretation. Students learn to comprehend empirical studies, recognize possible pitfalls, and conduct their own analyses using statistical software packages and authentic datasets. A strong focus is put on the identification of causal effects.

The lecture starts with an analysis of the role of firms in international trade. What distinguishes exporters from non-exporters and are employees of exporters better off? Next, we will analyze bilateral trade flows using the Gravity Model of Trade. In the next chapter, we will take a regional perspective and analyze if and why (and to what magnitude) firms benefit from being located in agglomerations such as the Silicon Valley. We will also ask why similar jobs are better paid in larger cities. We then discuss several recent research papers on the adjustment of local labor markets to increasing trade with China and Eastern Europe. If time permits, we will discuss Place Based Policies and tools that allow assessing their effectiveness.

In a complementary lab tutorial (Übung) students learn to conduct empirical analyses by themselves. In hands-on exercises, they first practice how to obtain and prepare datasets and how to use summary statistics to find general patterns in the data. We then apply our theoretical knowledge from the lecture to devise empirical strategies and to interpret our results.

Prerequisites:
Students should have basic knowledge in international economics and applied empirical methods

Course Structure:

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<td>Introduction</td>
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<td>1</td>
<td>Firm heterogeneity and the exporter wage premium</td>
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<td>2</td>
<td>The Gravity Model of Trade – theory and estimation</td>
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<td>3</td>
<td>Geographical agglomeration of economic activity</td>
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<td>4</td>
<td>Local labor markets and “the Rise of the East”</td>
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Literature:

Readings: Lecture Slides and References
Lecture slides will be provided through WueCampus.

A detailed list of references with further references, notably journal articles, is provided with each chapter of the lecture.

Readings: Books

Time and location:

<table>
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<tr>
<th>Lecture</th>
<th>Wednesday, 14:15-15:45, Room 226</th>
<th>Lab tutorial</th>
<th>Thursday, 16:00-17:30, Room 409 (PC-Pool)</th>
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<td>Start:</td>
<td>October 16, 2019</td>
<td>Start:</td>
<td>October 17, 2019</td>
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Grading:
The exam will consist of two parts:

1: During the semester, students will write a paper on one of the lab tutorials (which they can freely choose). The students will carry out their own empirical analysis. In the paper (max 10 pages), they explain each step of their empirical analysis and report and discuss the results. In order to obtain a (very) good grade, students must demonstrate that they can carry out an empirical analysis autonomously and go beyond a mere replication of the tutorial. The appendix of the paper must include a clean version of the code.

2: In the final week, students will receive an empirical paper. They will write a critical comment (max. 5 pages) on the empirical strategy of the paper and discuss its results.

The final grade is the weighted average (2/3 + 1/3) of the grades of the two papers.

Credit:

Master Economics
- Vertiefung Europäische Wirtschaft (European Economics) (60 ECTS)
- Vertiefung Wirtschaftspolitik (Economic Policy) (60 ECTS)
- Schwerpunkt Wirtschaftspolitik (Economic Policy) (20 ECTS)
- Schwerpunkt Ökonometrie (Econometrics) (20 ECTS)
- Schwerpunkt Internationale Ökonomik (International Economics) (20 ECTS)
- Schwerpunkt Forschungsmethoden (Research Methods) (20 ECTS)

Master Business Management
- Schwerpunkt Wirtschaftspolitik (Economic Policy) (20 ECTS)
- Schwerpunkt Ökonometrie (Econometrics) (20 ECTS)
- Schwerpunkt Internationale Ökonomik (International Economics) (20 ECTS)

Schwerpunkt Forschungsmethoden (Research Methods) (20 ECTS)

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