

Euro Area Business Cycle Network Training School

Micro-Structure of Trade: Theory and Evidence

By

Marc J. Melitz

**European University Institute
Florence**

19-21 September 2016

Deadline: 6pm (UK time), Friday June 3rd 2016

General Description

We are pleased to announce details of the latest EABCN Training School; a three-day course entitled “Micro-Structure of Trade: Theory and Evidence”. Professor Marc J. Melitz will teach the course. It is primarily aimed at participants in the Euro Area Business Cycle Network but applications will also be considered from doctoral students, post-doctoral researchers and economists working in central banks and government institutions outside of the network, as well as commercial organisations (fees applicable for non-network organisations).

Course Contents

Recent empirical evidence has shown that firms/plants producing similar goods react very differently to international forces. Some firms export, while others only serve their domestic market. Among the former, a small subset export to a large number of international markets while a substantial proportion of exporters only serve a single foreign market. Other firms (multinationals) choose to serve customers in foreign markets via local subsidiaries. Trade and international forces more generally, thus induce important composition changes within industries, leading to substantial measured changes in economic performance. The lectures will survey the newer empirical literature based on firm-level studies of trade, and develop the analytical framework for general equilibrium models of trade with heterogeneous producers. The lectures will then cover applications (both theoretical and empirical) of these models to different subfields of international economics.

The following topics will be covered:

1. Empirical Evidence
2. Ricardian Models of Producer Heterogeneity
3. Producer Heterogeneity with Product Differentiation and Entry/Exit
 - a. Modelling Framework (Closed Economy)
 - b. Open Economy
 - c. Competition and Endogenous Markups
 - d. Extensions (Factor Abundance, Innovation, Dynamics, Horizontal FDI)
4. Gravity with Firm Heterogeneity
5. Boundaries of the Multinational Firm and the Offshoring/Outsourcing Decision

Administrative Information:

The course will take place in Florence at the European University Institute and participants will be invited to make their own arrangements regarding their accommodation and meals. Further information will be available to successful applicants. Candidates should apply by sending an email with their details to Amanda Vincent-Rous in the CEPR Events team (avincentrous@cepr.org) by **6pm (UK Time +1 GMT), Friday June 3rd 2016**.

We ask that you send a current version of your CV. PhD students should also specify in which way the school will be useful for their current research (max 300 words).

About the Instructor:

Marc J. Melitz (<http://scholar.harvard.edu/melitz/home>) the David A. Wells Professor of Political Economy at Harvard University. He holds a B.A. from Haverford College (1989), an M.S.B.A. from the Robert Smith School of Business (1992), and a Ph.D. from the University of Michigan (2000). He is a fellow of the Econometric Society and is affiliated with the [National Bureau of Economic Research](#) (NBER), the [Centre for Economic Policy Research](#) (CEPR), [CESifo](#), and the [Kiel Institute for the World Economy](#). His broad research interests are in international trade and investment. More specifically, he studies producer-level responses to globalization and their implications for aggregate trade and investment patterns. His research has been funded by the Sloan Foundation and by the NSF.