Trade Models

Advanced Studies Program, Kiel

Chris Boehm

June 25, 2026

Administrative Details

Course:	Trade Models
Instructor:	Christoph Boehm (cboehm@utexas.edu)
Location:	TBA
Meeting Times:	Wednesday, 01/07/2026, time TBA
	Thursday, 02/07/2026, time TBA
	Friday, 03/07/2026, time TBA

Course description

This course offers an introduction to standard trade models. It covers the Armington model, the Krugman model, the Melitz model, and – time permitting – additional models. For each model, we will carefully set up the economic environment, define the equilibrium, and solve it. We will then discuss properties of these models, such as the gains from trade, and the gravity relationship. We will also discuss the calibration of these models and how to perform counterfactual exercises.

Readings and Exercises

There will be reading assignments that complement the discussion in class. In addition, there will be exercises that require simple data work and practice problems.

Outline of Topics

1. The Armington model

   Readings: Anderson and van Wincoop (2003)

2. The Krugman model

   Readings: Krugman (1980)

3. The Melitz model

Readings: Melitz (2003)

4. The Eaton-Kortum model (time permitting)

   Readings: Eaton and Kortum (2002)

5. Dynamic trade models (time permitting)

   Readings: Boehm et al. (2026)

References

Anderson, James E. and Eric van Wincoop. 2003. "Gravity with Gravitas: A Solution to the Border Puzzle." *American Economic Review* 93 (1):170–192.

Boehm, Christoph E., Andrei A. Levchenko, Nitya Pandalai-Nayar, and Hiroshi Toma. 2026. "Dynamic Models, New Gains from Trade?" Working Paper 32565, National Bureau of Economic Research.

Eaton, Jonathan and Samuel Kortum. 2002. "Technology, Geography, and Trade." *Econometrica* 70 (5):1741–1779.

Krugman, Paul. 1980. "Scale Economies, Product Differentiation, and the Pattern of Trade." *The American Economic Review* 70 (5):950–959.

Melitz, Marc J. 2003. "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity." *Econometrica* 71 (6):1695–1725.