This is a 2nd year grad course in the International Economics sequence. We will cover standard models that are typically used in international trade as well as recent applications. You will be graded based on a class presentation of a recent paper, a referee report on that paper, and a research proposal.

**Books**

Anderson, De Palma and Thisse: *Discrete Choice Theory and Product Differentiation* (ADT)

Bhagwati, Panagariya, and Srinivasan, *Lectures on International Trade* (BPS)

Deaton and Muellbauer, *Economics and Consumer Behavior* (DM)

Dixit and Norman, *Theory of International Trade* (DN)

Feenstra, *Advanced International Trade: Theory and Evidence* (F)

Helpman and Krugman, *Market Structure and Foreign Trade* (KH)

We will cover a subset of all these topics:

1) **Gains From Trade and the Ricardian Model**

   (BPS), ch.2.

   (DN) pp. 2-8, 19-21, 36-43, 65-79, 82-85 and 94-96

   (F) pp. 1-5, 179-188


   Dornbusch, Fischer, and Samuelson (1977), “Comparative advantage, trade, and payments in a Ricardian model with a continuum of goods,” AER.


2) Factor Proportions and the Ricardo-Viner model

(DN) Ch. 2,4
(F) Ch. 2,3
Costinot and Vogel (2010), "Matching and Inequality in the World Economy," JPE.
Stolper and Samuelson (1941), "Protection and Real Wages," REStud.

3) Product Differentiation, Monopolistic Producers, and Home Market Effects

(DM), Ch 2,3,5.
(DN), Ch.9
(F), Ch. 5
(KH), Ch. 6-9
(ADT), Ch. 2-5
Feenstra and Romalis (2012), "International Prices and Endogenous Quality," QJE.
Hallak, Juan Carlos (2006), "Product Quality and the Direction of Trade," JIE.
Krugman (1979), "Increasing Returns, Monopolistic Competition, and International Trade," JIE.
4) **Gravity, Income Differences, and Measurement of the Gains From Trade**


5) **Heterogeneous Producers and Competitive Effects**


6) **Economic Geography Models**


Fujita, Krugman and Venables, The Spatial Economy, ch. 4-5.


Puga (1999), "The Rise and Fall of Regional inequalities," EER.

Redding (2015), "Goods Trade, Factor Mobility and Welfare," NBER WP.


7) Distributional Effects of Trade


Verhoogen (2008), “Trade, Quality Upgrading, and Wage Inequality in the Mexican Manufacturing Sector,” QJE.


8) Multinationals, Offshoring, and Fragmentation

Antras (2003), "Firms, Contracts, and Trade," QJE.

Antras and Helpman (2004), “Global Sourcing,” JPE.


Helpman, Melitz and Yeaple (2004), “Exports versus FDI with Heterogeneous Firms” AER.


Ramondo and Rodriguez-Clare (2013), "Trade, Multinational Production, and the Gains from Openness," JPE.

Yi (2003), “Can Vertical Specialization Explain the Growth of World Trade?” JPE.
9) Exporter Dynamics

Burstein and Melitz (2011), "Trade Liberalization and Firm Dynamics"
Chaney (2005), "Productivity Overshooting: The Dynamic Impact of Trade Opening with Heterogeneous Firms."
Ederington and McCalman (2008), "Endogenous Firm Heterogeneity and the Dynamics of Trade Liberalization," JIE.
Gareto and Fillat (2015), "Risk, Returns, and Multinational Production," QJE.

10) Trade and Labor Market Frictions

Cosar, Guner and Tybout (2011), "Firm Dynamics, Job Turnover, and Wage Distributions in Open Economy," manuscript.
Davidson, Martin and Matusz (1988), "The structure of Simple General Equilibrium Models with Frictional Unemployment" JPE.
Davidson, Matusz and Shevshenko (2008), "Globalization and Firm Level Adjustment with Imperfect Labor Markets," JIE.
Davis and Harrigan (2011), "Good jobs, bad jobs, and trade liberalization" JIE.
Eckel and Egger (2009), "Wage bargaining and multinational firms," JIE.
Eckel and Kreickemeier (2009), "Firm Heterogeneity and the Labor Market Effects of Trade Liberalization," IER.

11) Trade and Growth

- Factor Accumulation
  Ventura (1997), "Growth and Interdependence," QJE.

- Learning By Doing
  Brezis, Krugman, and Tsiddon (1993), "Leapfrogging in International Competition," AER.
  Krugman (1981), "Trade, Accumulation, and Uneven Development," JDE.
  Krugman (1987), "The Narrow Moving Band, the Dutch Disease, and the Competitive Consequences of Mrs. Thatcher," JDE.
• **Innovation and Dynamic Comparative Advantage**
  Grossman and Helpman (1990), "Comparative Advantage and Long-Run Growth," AER.

• **Technology Diffusion**
  Rivera-Batiz and Romer (1991), "Economic Integration and Endogenous Growth", QJE.

• **Trade and Growth with Heterogeneous Firms**
  Baldwin and Robert Nicoud (2008), “Trade and Growth with Heterogeneous Firms,” JIE.
Some Recent Job-Market Papers in Trade Topics

2008
Fieler, Ana Cecilia: "Non-Homotheticity and Bilateral Trade: Evidence and a Quantitative Explanation"
Garetto, Stefania: "Input Sourcing and Multinational Production"
Johnson, Robert: "Trade Prices with Heterogeneous Firms"
Waugh, Mike: "International Trade and Income Differences"

2009
Atkin, David: "Trade, Tastes and Nutrition in India"
Donaldson, Dave: "Railroads of the Raj: Estimating the Impact of Transportation Infrastructure"
Itsikhoki, Oleg: "Optimal Redistribution in Open Economy"
Simonovska, Ina: "Income Differences and the Price of Tradables"

2010
Cosar, Kerem: “Adjusting to Trade Liberalization: Reallocation and Labor Market Policies”
Dhingra, Swati: “Trading Away Wide Brands for Cheap Brands”
Kovak, Brian: “Local labor market Effects of Trade Policy: Evidence from Brazilian Liberalization”

2011
Bilir, Kamran: “Patent Laws, Product Lifecycle, and Multinational Activity”
Dix-Carneiro, Rafael: “Trade Liberalization and Labor Market Dynamics”
Lu, Dan: “Exceptional Exporter Performance? Evidence from Chinese Manufacturing Firms”
Monte, Ferdinando: “Skill Bias, Trade, and Wage Dispersion”
Sampson, Thomas: “Assignment Reversals: Trade, Skill Allocation and Wage Inequality”

2012
Allen, Treb: “Information Frictions and Trade”
Brooks, Wyatt: "Credit Market Frictions and Trade Liberalization"
Fabinger, Michal: "Trade and Interdependence in a Spatially Complex World"
Fort, Teresa: “Breaking up is hard to do: Why firms fragment production across locations”
Handbury, Jessie: “Are Poor Cities Cheap for Everyone? Non-Homotheticity and the Cost of Living Across US Cities”
Hanlon, Walker: “Necessity is the mother of invention: Input Supplies and Directed Technical Change”

2013
Faber, Ben: “Trade Liberalization, the Price of Quality, and Inequality: Evidence from Mexican Store Prices”
Swiecki, Tomas: “Intersectoral Distortions, Structural Change, and the Welfare Gains from Trade”
Tintelnok, Felix: “Global Production with Export Platforms”
Tonetti, Chris: “Equilibrium Technology Diffusion, Trade, and Growth”

2014
Alviarez, Vanessa: “Multinational Production and Comparative Advantage”
Danziger, Eliav: “Skill Acquisition and the Dynamics of Trade-induced Inequality”
Dingel, Jonathan: “The Determinants of Quality Specialization”
Gaubert, Cecile: “Firm Sorting and Agglomeration”
Steinwender, Claudia: “Information Frictions and the Law of One Price: When the States and the Kingdom became United”

2015
Hottman, Colin: “Retail Markups, Misallocation, and Store Variety in the US”
Juhasz, Reka: “Temporary Protection and Technology Adoption: Evidence from the Napoleonic Blockade”
Somale, Mariano: “Comparative Advantage in Innovation and Production”

2016
Adao, Rodrigo: “Worker Heterogeneity, Wage Inequality, and International Trade: Theory and Evidence from Brazil”
Bellon, Mathieu: “Trade liberalization and inequality: a dynamic model with worker and firm heterogeneity”
Farrokhi, Farid: “Global Sourcing in Oil Markets”
Lee, Eunhee: “Trade, Inequality, and the Endogenous Sorting of Heterogeneous Workers,”
Lim, Kevin: “Firm-to-firm trade in stick production networks”
Medina, Pamela: “Within-Firm Responses to Import Competition: Quality Upgrading and Exporting in the Peruvian Apparel Industry”
Nagy, David: “City Location and Economic Development”
Pandalai-Nayar, Nitya: “Multinationals, Offshoring, and the Decline of U.S. Manufacturing”
Piveateau, Paul: “An Empirical Dynamic Model with Consumer Accumulation”
Traiberman, Sharon: “Occupations and Import Competition”
Fan, Jingtin: “Talent, Geography, and Offshore R&D”

Ganapati, Sharat: “The Modern Wholesaler: Global Sourcing, Domestic Distribution, and Scale Economies”

Giannone, Elisa: “Skilled-Bias Technical Change and Regional Convergence”

Grant, Matthew: “Why Special Economic Zones? Using Trade Policy to Discriminate Across Importers”

Pellegrina, Heitor: “The Causes and Consequences of Agricultural Specialization in Brazil”

Startz, Meredith: “The value of face-to-face: Search and contracting frictions in Nigerian trade”