

Graduate International Trade Course – 8413
Thibault Fally, University of Colorado-Boulder
Fall 2012

Course outline

Economics 8413 is a course on International Trade designed for Ph.D. students in the Economics Department. It will cover theoretical as well as empirical issues, with an emphasis on core models (part one) and firms (part two). The prerequisites are first-year graduate courses in microeconomics, macroeconomics and econometrics. Students from other departments are welcome subject to instructor's approval. You will find below a tentative schedule (note: 1 lecture = 1h15). This schedule remains flexible depending on the speed of advancement and students' interests:

First part: General theories (about 10 lectures)

- 1 lecture: introduction, motivation, data availability
- 3 lectures on Heckscher Ohlin (review, empirical tests)
- 3 lectures on recent Ricardian models (Eaton Kortum 2002 and related developments)
- 3 lectures on gravity equations, home market effect and gains from trade

Second part: Firms in Trade (about 6 lectures)

Contact information

Email:

There will be two written exams: a midterm (15%) and a final (35%). The midterm will be on October 31st and the final will be on December 18th at 7.30pm (time imposed by the registrar's office). Please let me know as soon as possible if there is any incompatibility.

Reading list

Double asterisks (**) refer to key readings (mandatory). Asterisks (*) signal strongly recommended readings. The reading list may be updated throughout the semester (and posted on the course website).

Main book:

- Feenstra, R.C., *Advanced International Trade: Theory and Evidence* (Princeton, Princeton University Press), 2003.

Other recommended books:

- Helpman, E. and P. Krugman, *Market Structure and Foreign Trade*, (Cambridge, MA, and London, The MIT Press), 1985.
- Grossman, G.M. and E. Helpman, *Innovation and Growth in the Global Economy*, (Cambridge, Ma, and London, The MIT Press), 1991.
- Markusen J.R., J.R. Melvin, W.H. Kaempfer, K.E.Maskus, "International Trade: Theory and Evidence", McGraw-Hill, 1995
- "The Great Trade Collapse: Causes, Consequences, and Prospects", ed. by R. Baldwin, VoxEU.org, 2009

First part: General theories

Factor content of trade

- ** Feenstra, 2003, chapter 2, 3 and 4
- ** Davis, D.R. and D.W. Weinstein, "An Account of Global Factor Trade," *American Economic Review*, December 2001, 91(5), 1423-53.
- ** Trefler, D., "The Case of the Missing Trade and Other Mysteries," *American Economic Review*, December 1995, 85(5), 1029-46.
- * Helpman, E. "The Structure of Foreign Trade," *Journal of Economic Perspectives*, Spring 1999, 13(2), 121-44.
- * Trefler, Daniel & Zhu, Susan Chun, 2010, "The structure of factor content predictions", *Journal of International Economics*, vol. 82(2), p 195-207.
- * Romalis, J., "Factor Proportions and the Structure of Commodity Trade," *American Economic Review*, March 2004, 94(1), 67-97.
- Deardorff, A., "The General Validity of the Heckscher-Ohlin Theorem", *American Economic Review*, 72(4), September, 1982, 683-94.
- Dornbusch, R., S. Fischer and P.A. Samuelson, "Heckscher-Ohlin Theory with a Continuum of

Multi-product firms:

- Arkolakis, Costas and Marc Muendler (2007). "The Extensive Margin of Exporting Goods: A Firm-Level Analysis," UCSD mimeo.
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Trade policy

- ** Feenstra, 2003, chapters 7 and 9
- ** Bagwell, Kyle, and Robert W. Staiger. 1999. "An Economic Theory of GATT." *American Economic Review*, 89(1): 215–48.
- ** Broda, C, N Limao and D. Weinstein, "Optimal Tariffs and Market Power: The Evidence" *American Economic Review*, 2008
- * Koujianou Goldberg, P. and G. Maggi, "Protection

References on multinational firms (not to be covere

Incomplete contracts and multinational production

- ** Antràs, P., "Firms, Contracts, and Trade Structure," Quarterly Journal of Economics, 2003, 1375-1418.
- ** Antràs, P. and E. Helpman, "Global Sourcing," Journal of Political Economy 112(3), 2004, 552-580.
- * Antràs, Pol and Esteban Rossi-Hansberg, "Organizations and Trade," 2008, forthcoming in Annual Review of Economics.
- Antras, P. (2005) "Incomplete Contracts and the Product Cycle," American Economic Review, Vol. 95, No. 4, September, pp. 1054-1073.
- Grossman, S. and Hart, O. (1986) "The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration", Journal of Political Economy 94 (4).
- Hart, O. and Moore, J. (1990) "Property Rights and the Nature of Firms", Journal of Political Economy 98.

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