

Topics in International Economics

Ph.D. in Economics and Finance (PEF) — Spring 2019

April 17, 2019

Course number: 10,374,1.00
Lecture dates: April 17, April 24, May 1, May 8, May 15, and May 22, 2019
Lecture time: Wed 15:15-19:00
Lecture room: 22-104
Examination form: Decentral. Oral examination: 50% (50% from 2 problem sets)
Examination date: May 27, starting at 10:15am
Course web page: *StudyNet* and econweb.ucsd.edu/muendler/teach/19s/10374

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DESCRIPTION

This course presents select theoretical and empirical topics in international trade. On the theory side, the course considers the determinants of the trade pattern in goods and services, explanations of export-market participation and global production at the firm and industry level, as well as the interaction of international trade with the income distribution and labor-market outcomes. The empirical part of the course presents tests of theories of international trade and the quantitative analysis of their consequences for economic outcomes.

MATERIALS

Textbooks: Feenstra (2015); Eaton and Kortum (2010);
partly Bhagwati, Panagariya, and Srinivasan (1998)

Readings: See Class schedule and References.

The Eaton and Kortum textbook draft and readings are available through the class web page (see above). For each lecture, there are up to three types of readings. The *basic reading* is the textbook reference, or the classic article, on which a large part of the lecture notes will be based. The *main* readings include original papers or book chapters. *Additional readings* are points of departure for related research questions and will typically only be summarily mentioned during lecture.

Lecture slides become available for download from the course web page and at *StudyNet* before each lecture.

PROBLEM SETS

Two problem ask you derive key aspects of trade models that typically inform and discipline empirical work on related topics. Problem set 1 will cover Industry-level Trade Theory, problem set 2 Firm-level Trade Theory as well as aspects of Global Production. Each problem set is posted online already but may be considered as “given out” close to the beginning of the according topic block (April 17 and May 8) and due upon conclusion of the according topic block (May 8 and May 22). Also see the Class Schedule for dates.

ASSESSMENT

There are two components of assessment: the two problem sets will count for 50 percent (due on May 8 and May 22), and the oral examination (on May 27) will count for the other 50 percent of the final letter grade.

COURSE SCHEDULE

I. Foundations

1. **Wed, April 17:** Empirical Foundations

Basic reading: Eaton and Kortum (2010)/Ch. 2

(Additional readings: Bernard and Jensen 1995, Bernard, Jensen, Redding, and Schott 2007, Bernard, Jensen, and Schott 2009, Eaton, Kortum, and Kramarz 2004)

2. **Wed, April 17:** Analytic Foundations and the Gravity Equation

Basic readings: Eaton and Kortum (2010)/Ch. 3, Feenstra (2015)/Ch. 5-6, Head and Mayer (2014)

Main reading: Anderson and van Wincoop (2003)

(Additional readings: Armington 1969, Anderson 1979, Anderson and van Wincoop 2004)

PROBLEM SET 1 OUT

II. Trade Theory and Empirics

3. **Wed, April 24:** Classic Productivity Differences and Trade

Basic readings: Eaton and Kortum (2010)/Ch. 3, Feenstra (2015)/Ch. 1

Main reading: Dornbusch, Fischer, and Samuelson (1977)

(Additional readings: Eaton and Kortum 2012, Ricardo 1821, Obstfeld and Rogoff 1996/Ch. 4.5)

4. **Wed, April 24:** Technology and Geography in the Global Economy

Basic reading: Eaton and Kortum (2010)/Ch. 4-6 (sections 4.1, 4.4, 5.1-5.4, 6.1-6.5)

Main reading: Eaton and Kortum (2002)

(Additional readings: Alvarez and Lucas 2007, Eaton, Kortum, and Kramarz 2011, Armenter and Koren 2014)

5. **Wed, May 1:** Endowment Differences and Trade

Basic readings: Feenstra (2015)/Ch. 1-2, Bhagwati, Panagariya, and Srinivasan (1998)/Ch. 5-6

Main reading: Ohlin (1931)

(Additional readings: Schott 2004; Dornbusch, Fischer, and Samuelson 1980, Costinot and Vogel 2010), Bernhofen and Brown 2004, Romalis 2004)

6. Wed, May 1: Extensions, Evidence, and Trade Policy

Basic readings: Feenstra (2015)/Ch. 3 and 8-10, Bhagwati, Panagariya, and Srinivasan (1998)/Ch. 12, Maggi (2014)

Main reading: Davis and Weinstein (2001) or Broda, Limão, and Weinstein (2008)

(Additional reading: Leontief 1953, Trefler 1995, Bergstrand and Egger 2013)

7. Wed, May 8: Firm Heterogeneity with Fixed Costs of Exporting

Basic readings: Melitz (2003), Melitz and Redding (2014)

Main reading: Das, Roberts, and Tybout (2007)

(Additional readings: Melitz and Trefler 2012, Bernard, Redding, and Schott 2007, Chaney 2008)

PROBLEM SET 1 DUE

III. Global Production and Local Impacts of Global Markets**8. Wed, May 8:** Trade in Intermediate Inputs and Wages

Basic reading: Feenstra (2015)/Ch. 4

Main reading: Koopman, Wang, and Wei (2014)

(Additional readings: Feenstra and Hanson 1999, Ebenstein, Harrison, McMillan, and Phillips 2014, Johnson and Noguera 2012)

PROBLEM SET 2 OUT

9. Wed, May 15: Trade in Tasks

Main reading: Grossman and Rossi-Hansberg (2008)

(Additional readings: Leamer and Storper 2001, Levy and Murnane 2004, Blinder 2009, Jensen and Kletzer 2010)

10. Wed, May 15: Determinants and Consequences of Multinational Firm Activity

Basic reading: Feenstra (2015)/Ch. 12

Main readings: Carr, Markusen, and Maskus (2001), Blonigen, Davies, and Head (2003) and Carr, Markusen, and Maskus (2003), cumulatively

(Additional reading: Muendler and Becker 2010, Helpman 2006)

11. Wed, May 22: Trade and Wage Inequality

Main reading: Davidson, Heyman, Matusz, Sjöholm, and Zhu (2014) or ?

(Additional readings: Helpman, Itskhoki, and Redding 2010, Helpman, Itskhoki, Muendler, and Redding 2017, Amiti and Davis 2012)

PROBLEM SET 2 DUE

12. Wed, May 22: Trade and Labor-market Outcomes

Main reading: Autor, Dorn, and Hanson (2013) or Caliendo, Dvorkin, and Parro (2015)

(Additional readings: Artuç, Chaudhuri, and McLaren 2010, Harrison, McLaren, and McMillan 2011, Dix-Carneiro 2014, Menezes-Filho and Muendler 2011)

Mon, May 27: ORAL EXAMINATION, starting at 10:15am

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