

INTERNATIONAL TRADE

Part I: Gino Gancia

Spring 2009

This is an advanced course in international trade and it assumes some basic knowledge of trade theory (e.g., the material covered in "International Economics" by Jaume Ventura). There is no textbook. However, two books are recommended:

Feenstra, R. (2004). *Advanced International Trade: Theory and Evidence*, Princeton University Press

Helpman and Krugman (1985). *Market Structure and Foreign Trade*, MIT Press

This is a short syllabus listing the most important papers only. A major goal of the course is to discuss recent articles, rather than to provide a comprehensive survey of trade theory. For this reason, the reading list is selective and may be subject to changes. Active participation by students and comments/suggestions on the topics are encouraged.

1. BASIC TRADE MODELS

1.1 The Ricardian Model

*Dornbusch R., S. Fischer and P. Samuelson (1977) "Comparative Advantage, Trade and Payments in a Ricardian Model with a Continuum of Goods" *American Economic Review* 823-839.

*Eaton, J. and S. Kortum (2002) "Technology, Geography and Trade" *Econometrica* 70, 1741-1779.

1.2 Increasing Returns and Imperfect Competition

*Krugman P. (1980). "Scale Economies, Product Differentiation, and the Pattern of Trade" *American Economic Review* 70, 950-59.

Helpman and Krugman (1985). Chapters 6-10

Ottaviano G. and M. Melitz (2008). "Market Size, Trade and Productivity," *Review of Economic Studies* 75, 295-316.

1.3 The HO model

*Helpman and Krugman (1985). Chapter 1

Feenstra, R. (2004). Chapters 1-2-3

*Romalis J. (2004). "Factor Proportions and the Structure of Commodity Trade" *American Economic Review* 1268-1290.

1.4 Product Cycle Trade, Innovation and Multinational Firms

*Gancia G. and F. Zilibotti (2005) "Horizontal Innovation in the Theory of Growth and Development" in *Handbook of Economic Growth*, (P.Aghion and S.Durlauf, eds.) - Sections 1-3

*Helpman E. (1993). "Innovation, Imitation and Intellectual Property Rights," *Econometrica* 61,1247-80.

*Antras, P. (2005). "Incomplete Contracts and the Product Cycle," *American Economic Review*, 95, 1054-1073

Grossman G. and E. Helpman (1990). "Comparative Advantage and Long-Run Growth," *American Economic Review* 80, 796-815.

2. TRADE POLICY AND TAXATION

*Helpman, H. and P. Krugman (1989). *Trade Policy and Market Structure*, MIT Press, Chapters 1-2

Bagwell, K. and R. Staiger (1999). "An Economic Theory of GATT," *American Economic Review*, 89, 215-248.

*Grossman G. and E. Helpman (1994). "Protection for Sale" *American Economic Review*, 84, 833-850.

*Epifani P. and G. Gancia (2009). "Openness, Government Size and the Terms of Trade" *Review of Economic Studies*, 76, 629-668, 2009.

3. TRADE, OFFSHORING AND INEQUALITY

*Feenstra (2004). Chapter 4.

*Grossman G. and E. Rossi-Hansberg (2008). "Trading Tasks: a Simple Theory of Offshoring," *American Economic Review*, 98:5, 1978-1997

*Epifani P. and G. Gancia (2008). "The Skill Bias of World Trade," *Economic Journal*, 118, 927-960.

Epifani P. and G. Gancia (2006). "Increasing Returns, Imperfect Competition and Factor Prices" *The Review of Economics and Statistics*, 88, 583-598.

Acemoglu, Daron (2003). "Patterns of Skill-Premia," *Review of Economic Studies* 70, 199-230.

Kremer M. and E. Maskin (2003). "Globalization and Inequality" mimeo.

Antras P., L. Garicano and E. Rossi-Hansberg (2006). "Offshoring in a Knowledge Economy" *Quarterly Journal of Economics*, 121, 31-77.