

International Trade

Barcelona GSE – Master in International Trade, Finance and Development – Fall 2008

Teacher: Alessandra Bonfiglioli

e-mail: alessandra.bonfiglioli@iae.csic.es

Syllabus (Preliminary)

This course will analyze the causes and consequences of international trade and foreign direct investment. You will learn the tools necessary to understand why nations trade, what they trade, and who gains from this trade. We will also analyze the effects of trade on economic growth and wage inequality, multinationals and foreign direct investment. We will then study briefly the motives for countries to restrict or regulate international trade, and the tools that are used. The lectures will be based partly on the textbook and partly on the original articles.

Textbook:

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

Outline and Reading list (Preliminary)

1. Facts + Gains from Trade

Feenstra, R. (2004). Pp. 174-183

2. 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* 67(5), 823-839.

3. HO + empirics

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

4. Increasing Returns and Imperfect Competition

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

5. Exporters and MNEs

Helpman E., M. Melitz and S. Yeaple (2004) “Export versus FDI with Heterogeneous Firms” *American Economic Review* 94, 300-316.

Helpman E. (2006) “Trade, FDI and the Organization of Firms” *Journal of Economic Literature* 44, 589-630.

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

Bernard A. and J.B. Jensen (1999) “Exceptional Exporter Performance: Cause, Effect or Both?,” *Journal of International Economics* 47, 1-25.

Bernard A., J.B. Jensen and P. Schott (2006) “Survival of best fit: Exposure to Low-Wage Countries and the (Uneven) Growth of US Manufacturing Plants,” *Journal of International Economics* 68, 219-237.

Feenstra, Robert (1998) "Integration of Trade and Disintegration of Production in the Global Economy" *Journal of Economic Perspectives* 12(4), 31-50.

6. Trade and Growth

Ventura, J. (1997). "Growth and Interdependence," *Quarterly Journal of Economics* 112, 57-84.

Acemoglu D. and Ventura J. (2002) "The World Income Distribution," *Quarterly Journal of Economics* 117, 659-694.

Frankel, J. A. and D. Romer (1999) "Does Trade Cause Growth?" *American Economic Review* 89, 379-99.

Rodriguez, F. and D. Rodrik (2000) "Trade Policy and Economic Growth: A Skeptic's Guide to the Cross-National Evidence" *NBER Macroeconomics Annual*

7. Trade, FDI and Inequality

Feenstra (2004). Chapter 4.

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

Bernard, A. and Jensen, B. (1997) "Exporters, Skill Upgrading and the Wage Gap", *Journal of International Economics* 42, 3-31.

Feenstra, R.C. and Hanson, G. (1997) "Foreign Direct Investment and Relative Wages: Evidence from Mexico's Maquiladoras," *Journal of International Economics* 42, 371-393.

Verhoogen, E. (2008) "Trade, Quality Upgrading and Wage Inequality in the Mexican Manufacturing Sector," *Quarterly Journal of Economic* 123(2), 489-530.

8. Trade Policy

Feenstra (2004). Chapter 9.

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.

Baldwin, R. and F. Robert-Nicoud (2006) "Protection for Sale made easy," CEPR DP 5452