

THE UNIVERSITY OF COLORADO  
DEPARTMENT OF ECONOMICS

Economics 8413  
International Trade  
Fall, 2014

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Hours: Monday 3:00 – 5:00; Wednesday 2:00 – 3:00 and by appointment

D2L course site: <https://learn.colorado.edu/d2l/home/71448>

### Syllabus and Reading List

This course covers advanced topics in international trade, including classical comparative advantage, the theory of heterogeneous firms in trade, basics of trade policy, empirical work in international trade, and factor mobility. While an attempt is made to be comprehensive, time pressures dictate a judicious choice of materials to cover. However, the reading list provides a wide range of supplementary materials to consult on specific applications, which should be useful in thinking about research topics. The objectives of the course are to expose students deeply to frontier issues in international trade and to provide an analytical framework within which to pursue professional research.

There are no required texts for the course; readings will be posted on the course D2L site or I will provide an active link to where you can get them. However, the following books are very useful sources for particular issues in trade theory and policy (and in some cases specific chapters will be on D2L) and are worth having in your personal library.

- R. Feenstra, *Advanced International Trade*, Princeton U Press, 2004 (F).
- H. Bowen, A. Hollander, and J-M Viaene, *Applied International Trade*, Palgrave-Macmillan 2012 (BHV).
- J. Markusen and K Maskus, *International Trade: Theory and Evidence*, manuscript 2014 (MM); I will email this text to you.
- E.K. Choi and J. Harrigan eds., *Handbook of International Trade*, Blackwell 2003 (CH).
- G. Gopinath, E. Helpman and K. Rogoff eds. *Handbook of International Economics*, North-Holland 2014 (GHR).
- A. Dixit and V. Norman, *Theory of International Trade*, Cambridge U. Press. 1992 (DN).
- E. Helpman and P. Krugman, *Market Structure and Foreign Trade*, MIT Press, 1986 (HK).
- K. Bagwell and R.W. Staiger *The Economics of the World Trading System*, MIT Press, 2003 (BS).
- P. Combes, T. Mayer, and J-F Thisse, *Economic Geography*, Princeton U Press, 2008 (CMT).

The following older



**3. Technology Differences and Trade: September 3-8**

(R) BHV, Ch. 3 (D2L)

(R) Dornbusch, Fischer, and Samuelson, "Comparative Advantage, Trade, and Payments in a Ricardian Model with a Continuum of Goods," AER 1977, 823-839 (D2L)

(R) Eaton and Kortum, "Technology, Geography, and Trade," ECA 2002, 1741-1779  
<http://onlinelibrary.wiley.com/doi/10.1111/1468-0262.00352/pdf>

(B) MM, Ch. 7

(B) Costinot, "On the Origins of Comparative Advantage," JIE 2009, 255-264  
<http://www.sciencedirect.com/science/journal/00221996/77/2>

(B) Trefler, "International Factor Price Differences: Leontief was Right!" JPE 1993, 961-987, secs. II and III <http://www.jstor.org/stable/i337466>

(B) Costinot, Donaldson and Komunjer, "What Goods do Countries Trade? A Quantitative Exploration of Ricardo's Ideas," REStud 2012, 581-608  
<http://restud.oxfordjournals.org/content/79/2/581.full.pdf+html>

Ruffin, "The Missing Link: The Ricardian Approach to the Factor Endowments Theory of Trade," AER September 1988

Markusen and Svensson, " ] i e · at G \_ · h( a d n lmpar , no c

**5. The Specific-Factors Model: September 22**

(R) Mussa, "Tariffs and the Distribution of Income: the Importance of Factor Specificity, Substitutability, and Intensity in the Short and Long Run," JPE 1974, 1191-1203

Davis and Weinstein, "Does Economic Geography Matter for International Specialization?" NBER working paper 5706, 1996  
Lancaster, "Intra-Industry Trade under Perfect Monopolistic Competition," JIE 1980  
Feenstra, "Gains from Trade in Differentiated Products: Japanese Compact Trucks," in Feenstra, Ch. 5

- 8. Gravity Models, Geography and Trade Costs:** October 13-15  
(R) Anderson and van Wincoop, "Gravity with Gravitas: A Solution to the Border Puzzle," AER 2003, 170-92

**10. Heterogeneous Firms and Trade: Empirical Studies:** October 29-November 3 (See next section for October 27)  
(R)

Firm: A Review of Theory and Evidence,” in GH, Ch. 11 (D2L)

- 13. Trade, Offshoring and Technology Diffusion:** November 12-17  
(R) Grossman and Rossi-Hansberg, “Trading Tasks: A Simple Theory of



**16. Economic Theories of Trade Agreements:** Dec 8

(R) BS, Ch. 2 (D2L)

(R) Horn, Maggi and Staiger, "Trade Agreements as Endogenously Incomplete Contracts," AER 2010, 394-419

<http://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.100.1.394>

(B) Grossman and Horn, "Why the WTO? An Introduction to the Economics of Trade Agreements," manuscript 2012 (D2L)

(B) MM, Ch. 21-22

Ethier, "Political Externalities, Non-Discrimination, and a Multilateral World,"  
Review of International Economics 2004

**17. Political Economy of Protection:** December 8

(R) Grossman and Helpman, "Protection for Sale," AER 1994, 833-850 (D2L)

(R) Goldberg and Maggi, "Protection for Sale: An Empirical Investigation," AER  
1999, 1135-55 (D2L)

- Grossman, "The Distribution of Talent and the Pattern and Consequences of International Trade," JPE 2004
- Helpman, Itshoki, Redding and Muendler, "Trade and Inequality: from Theory to Estimation," NBER working paper 17991, 2012
- Ohnsorge and Trefler, "Sorting it Out: International Trade with Heterogeneous Workers," JPE 2007
- Davidson, Martin and Matusz, "Trade and Search-Generated Unemployment," JIE 1999
- Ottaviano, Peri and Wright, "Immigration, Offshoring and American Jobs," AER 2014
- Peri, "The Effect of Immigration on Productivity: Evidence from US States," REStat 2013
- G. Hanson and M. Slaughter, "The Rybczynski Theorem, Factor-Price Equalization, and Immigration: Eviden

**23.**

- Grossman and Lai, "International Protection of Intellectual Property," AER 2004  
Ganslandt and Maskus, "Vertical Distribution, Parallel Trade, and Price Divergence  
in Integrated Markets," European Economic Review 2007  
Ivus, "Do Stronger Patent Rights Raise High-Tech Exports to the Developing  
World?" JIE 2010  
Chen and Mattoo, "Regionalism in Standards: Good or Bad for Trade?" Canadian  
Journal of Economics 2008

**24. Empirics of WTO and Regional Trade Agreements**

- Rose, "Do We Really Know  
B