Syllabus

[cmcd.economia@fgv.br]

Course: Theory and Quantitative Methods in International Trade
Professor:

2018 FIRST SEMESTER

PROGRAM

I. Increasing Returns to Scale, Intra-Industry Trade and Heterogeneous Firms

II. Technological Differences

III. The Gravity Equation

IV. Gains from Trade

V. Trade and Labor Markets
V.1.Theory
V.2 Empirics
V2. Structural Models

VI. Other Topics
VI.1. Trade and Uncertainty
VI.2. Trade and Innovation

BIBLIOGRAPHY

I. Increasing Returns to Scale, Intra-Industry Trade and Heterogeneous Firms

* Krugman, P. "Increasing returns, monopolistic competition, and international trade," Journal of International Economics 9(4), 469–479, 1979.
* Bernard, A., S. Redding and P. Schott. "Firms in International Trade," Journal of Economic Perspectives, 21(3), 105–130, 2007.
* Melitz, M. "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity," Econometrica 1695-1725, 2003.

Dixit, A. and J. Stiglitz. "Monopolistic Competition and Optimum Product Diversity," AER 67(3), 297-308, 1977.
Krugman, P. "Scale Economies, Product Differentiation, and the Pattern of Trade," AER 70: 950-959, 1980.
Hv4 (ch. 1, 1-54): M. Melitz & S. Redding, "Heterogeneous Firms and Trade."
Mayer, T. and G. Ottaviano. "The Happy Few: the Internationalisation of European Firms – New facts based on firm-level evidence." Bruegel blueprint series, vol. 3, 2007.
Melitz, M. and G. Ottaviano. "Market Size, Trade, and Productivity," Review of Economic Studies, 75(1), 295-316, 2008.
Helpman, E., M. Melitz and S. Yeaple. "Export versus FDI with Heterogeneous Firms," AER 94, 300-316, 2004.
Bernard, A., S. Redding and P. Schott. "Comparative Advantage and Heterogeneous Firms," Review of Economic Studies 74: 31-66, 2007.
Chaney, T. "Distorted Gravity: The Intensive and Extensive Margins of International Trade," American Economic Review 98(4), 1707–1721, 2008.
Arkolakis, C. "Market Penetration Costs and the New Consumers Margin in International Trade," JPE 118(6): 1151-1199, 2010.
Trefler, D. "The Long and Short of the Canada-U.S. Free Trade Agreement", American Economic Review 94, 870-895, 2004.

II. Technological Differences

* Eaton, J. and S. Kortum. "Technology, geography, and trade," Econometrica 70(5), 1741-1779, 2002.

R. Dornbusch, S. Fischer and P. Samuelson. "Comparative advantage, trade, and payments in a Ricardian model with a continuum of goods," AER 67: 823-839, 1977.
Eaton, J., S. Kortum and F. Kramarz. "An Anatomy of International Trade: Evidence from French Firms," Econometrica 79: 1453-1498, 2011.
Costinot, A., D. Donaldson and I. Komunjer. "What Goods Do Countries Trade? A Quantitative Exploration of Ricardo's Ideas," Review of Economic Studies 79(2): 581-608, 2012.

III. The Gravity Equation

* **Hv4 (ch. 3, 131-195):** K. Head and T. Mayer, "Gravity Equations: Workhorse, Toolkit, and Cookbook."

IV.Gains from Trade

***Hv4** (ch. 4, 197-264): A. Costinot and A. Rodríguez-Clare, "Trade Theory with Numbers: Quantifying the Consequences of Globalization."
* C. Arkolakis, A. Costinot and A. Rodriguez-Claré. "New Trade Model, Same Old Gains?" AER 94-130, 2012.
Donaldson, D. "Railroads of the Raj: Estimating the Impact of Transportation Infrastructure" AER, forthcoming.
Melitz, M. and S. Redding. "Firm Heterogeneity and Aggregate Welfare," NBER Working Paper No. 18919, 2013.
D. Bernhofen and J. Brown. "An Empirical Assessment of the Comparative Advantage Gains from Trade: Evidence from Japan," AER 95(1): 208-225, 2005.

V. Trade and Labor Markets

V.1.Theory
*Helpman, Elhanan and Oleg Itskhoki & Stephen Redding. "Inequality and Unemployment in a Global Economy," Econometrica, Econometric Society, vol. 78(4), pages 1239-1283, 07, 2010.

V.2 Empirics
*Autor, David H. and David Dorn and Gordon H. Hanson. "The China Syndrome: Local Labor Market Effects of Import Competition in the United States," American Economic Review, American Economic Association, vol. 103(6), pages 2121-68, October, 2013.
*Costa, Francisco and Jason Garred and Joao Paulo Pessoa. "Winners and Losers from a Commodities-for-Manufactures Trade Boom," Journal of International Economics (forthcoming), 2016.
Autor, David H. and David Dorn and Gordon H. Hanson and Jae Song. "Trade Adjustment: Worker-Level Evidence," The Quarterly Journal of Economics, Oxford University Press, vol. 129(4), pages 1799-1860, 2014.

V.3. Structural Models
*Artuç, Erhan, Shubham Chaudhuri and John McLaren. 2010. "Trade Shocks and Labor Adjustment: A Structural Empirical Approach." American Economic Review, 100(3): 1008-45.
* Pessoa, João Paulo. "International Competition and Labor Market Adjustment," mimeo, 2016.

VI.Other Topics

VI.1. Trade and Uncertainty

*Handley, Kyle and Nuno Limão. "Policy Uncertainty, Trade and Welfare: Theory and Evidence for China and the U.S," NBER Working Papers 19376, 2013.

Pierce, Justin R. and Peter K. Schott. "The Surprisingly Swift Decline of U.S. Manufacturing Employment," NBER Working Papers 18655, 2012.

VI.2. Trade and Innovation

*Bloom, Nicholas and Mirko Draca and John Van Reenen. "Trade Induced Technical Change? The Impact of Chinese Imports on Innovation, IT and Productivity," Review of Economic Studies, Oxford University Press, vol. 83(1), pages 87-117, 2016.

Buera, F. and Ezra Oberfield. "The Global Diffusion of Ideas," NBER Working Paper Series 21844, 2016.

VI.2. Trade and Volatility

* Treb Allen & David Atkin, 2016. "Volatility and the Gains from Trade,"
NBER Working Papers 22276, National Bureau of Economic Research, Inc.

GRADING

Problem Sets/Empirical Exercises: 70% of the final grade.
Presentation and class participation: 30% of the final grade.

[OBS: Art. 46º - Aos alunos dos Cursos de Mestrado Acadêmico e Doutorado é atribuída nota em cada disciplina, variável de 0 (zero) a 10 (dez).

I - A nota final dos alunos em cada disciplina, variável de 0 (zero) a 10 (dez), é a média ponderada das notas atribuídas:

I.I) a uma ou mais formas de avaliações intermediárias;

I.II) à avaliação final, que pode constar de prova escrita ou de trabalho final;

II - O peso atribuído à nota de cada uma das formas de avaliação da disciplina é determinado pelo professor da disciplina e deve constar explicitamente do respectivo programa, não sendo permitido atribuir peso superior a 60% (sessenta por cento) a nenhuma das formas de avaliação especificadas]

PROFESSOR - EMAILS