International Trade and Investment
Economics 8413-001
Fall 2011 Monday & Wednesday 12:00 – 1:15 in Econ 5.
Professor Wolfgang Keller, Econ 206C; email Wolfgang.Keller@colorado.edu; office hours: WF 9:00-10:00, W 1:30-2:30, and by appointment

Course Outline and Reading List

Overview
Economics 8413 is a course on the real side of International Economics designed for Ph.D. students. We will strive to achieve a balance between theory and empirics on the one, and current work versus classics in international trade and investment on the other hand. The field of international trade has seen many important developments recently, and we will necessarily be selective. Please see me if you have an interest in a particular subject not covered on the syllabus. This course presumes knowledge of the first-year graduate sequences in microeconomics, macroeconomics, and econometrics. Students from other departments are welcome subject to instructor’s approval. It is highly recommended that you form a study group that meets weekly with some of your class mates.

Requirements
1. Preparation of a one-page assessment of each required paper (20%)
2. Class participation (10%)
3. Presentation of a research paper (20%)
4. Midterm exam (15%)
5. Final exam (35%)

The one-page assessment of each required paper should include a summary in your own words, the main contribution(s) of the paper, and the main limitation(s). Also note any questions you might have. The last weeks of class will consist of presentations of research papers by students. Each presentation will be about 30 minutes long. The specific papers are chosen by students subject to my approval.

Other useful books for this class are the following:

**Reading List Outline**
This version: August 21, 2011

Papers in each section are covered in varying detail. Background readings are indicated by (B).

1. **Comparative Advantage and the Gains from Trade**
   (B) Dixit and Norman, Chapters 1-3.

2. **The Ricardian Trade Model**
   Feenstra pp.1-4

3. **Factor Endowment Models**
   Feenstra, Chapters 1-3
   Dixit and Norman, Chapter 4
   Helpman and Krugman, Chapter 1

4. Scale Economics, Product Differentiation, and the Gravity Equation
Helpman and Krugman, Chapters 6-8.
Feenstra, Chapter 5.

5. Foreign Direct Investment I
Helpman and Krugman, Chapters 12 and 13.
Feenstra, Chapter 11.

6 Transport Costs, Borders, Institutions, Trust, and Geography
Keller, W., and C. Shiue, “Tariffs, Trains, and Trade: The Role of Institutions versus Technology in Market Expansion”, NBER # 13913
7. Firms in International Trade: Ex-ante vs ex-post heterogeneity, exporting decision, and import competition


(B) Redding, S., “Theories of Heterogeneous Firms and Trade”, Annual Reviews, April 2011.


8. FDI II, Offshoring, and Outsourcing

9. Trade, Growth, and International Technology Diffusion
Grossman and Helpman, Chapter 6.
Iacovone, L., W. Keller and F. Rauch, “Innovation Responses Towards Import Competition, mimeo, U Colorado
(B) Keller, W., “International Trade, FDI, and Technology Spillovers”, Handbook of the
10. Trade Policy

Feenstra, chapters 7-8.


Dixit and Norman, Chapter 5 (pp.149-163), chapter 6.

(B) Staiger, R., "International Rules and Institutions for Trade Policy", Grossman and Rogoff (eds.), Handbook of International Economics V.3, chapter 29


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