Course Outline

Overview
This is the department’s international trade topics course. In contrast to the introductory trade course which typically provides an overview, some perspective on how the field has evolved, and an emphasis on theory, this particular course covers a limited number of topics of current research interest and a roughly equal mix between theory and empirics.

A main objective of this class is to help you identify and get started on your own research. To this end, the course will involve students, especially through class presentations.

Course Requirements
Classes will consist of lectures by myself, student presentations, and discussion. For each class meeting, you should read carefully one paper, which is indicated in bold type on the reading list. Roughly from the third week of class on, there will be student presentations in class. The respective papers are labeled “Student’s presentation”; these are the papers that everyone should read carefully for each class.

Your grade will be computed based on the following:

1. 35 minute presentations of research papers, totaling 30% of your grade. Students should have an organizational meeting during the first week of class to discuss who will be presenting which paper. Depending on the final enrollment in the class, I expect that most students will present three papers during the term. This may sound like a lot but keep in mind that you will need to carefully read the paper anyway, so the additional work is limited. Plus, it will help you to think about your own research. We will talk about the sequence of the slides, and what to put into the slides. Please email me your presentation 4 days before you are presenting so that I can review your slides and give you feedback to help make the slides clear and of benefit to everyone in the class.

2. Class participation, 20% of your grade. Those who are not presenting should carefully read the paper that will be presented that day and write-up 3 slides for class discussion. Slide 1: What is good about the paper? Slide 2: What is a weakness of the paper? Slide 3: Ideas for further improvement, or ideas for further research.

After the main presentation I will randomly call on someone to present his/her three
slides. This person will act as the discussion leader while everyone shares their own ideas on the topic. The idea is to encourage more discussion and class participation in an environment which is more like a typical econ seminar.

3. **A midterm 5-page (double-spaced) draft of your paper proposal and presentation, 20% of grade.** The proposal should motivate a question related to the course and discuss existing research that is related to that question. The topic may come from the syllabus, but you may select a topic that is not on the syllabus. The draft should be a minimum of 5 double-spaced pages. Please send me your draft 4 days before your presentation.

4. **A final 15-page (double-spaced) draft of your proposal and in-class presentation, 30% of grade.** Ideally this will be the same proposal that you worked on for the midterm presentation. You should include in your proposal reference to potential data sources and how these data can be used to address your key questions; aim to be as specific as you can about your strategy and approach. These presentations will take place during the last week of class. I will be happy to give you feedback on your slides if you send them to me in advance.

The final draft is due by Monday, May 6, 1:30pm

**Course Outline**
This version: January 14, 2013

January 15 - General Introduction; Intro to Foreign Direct Investment (FDI)
**Required:** Helpman, E., "A Simple Theory of Trade with Multinational Corporations", JPE 1984

January 17 - Horizontal FDI
**Required:** Helpman, E., M. Melitz, and S. Yeaple, “Exports versus FDI with Heterogeneous Firms”, AER 2004

January 22 - Offshoring
**Required:** Keller, W, and S. Yeaple, “The Gravity of Knowledge”, forthcoming, AER

January 24 - FDI versus International Outsourcing
**Required:** Antras, P., "Trade, Contracts, and Trade Structure", QJE 2003
Antras, P., and E. Helpman, “Global Sourcing”, JPE 2004

January 29 - Empirics on Offshoring
Javorcik, B., Does Foreign Direct Investment Increase the Productivity of Domestic Firms? In Search of Spillovers Through Backward Linkages, AER 2004

January 31 – Trade and Income Gains I: Comparative advantage
**Student Presentation:** Bernhofen, D., and J. Brown, “An empirical assessment of the comparative advantage gains from trade: evidence from Japan”, AER 2005
Bernhofen, D., and J. Brown, "A Direct Test of the Theory of Comparative Advantage”, JPE 2004

February 5 – Trade and Income Gains II: Product variety
**Student Presentation:** Broda, Christian, and David Weinstein, “Globalization and the Gains from Variety”, QJE 2006
Keller, W., Ben Li, and Carol Shiue, “China’s foreign trade: Perspectives from the past 150 years”, World Economy, 2011

February 7: Trade and Scale Economies: Evidence from market access and other studies
**Student Presentation:** Redding, S., and D. Sturm, “The Costs of Remoteness: Evidence from German Division and Reunification”, AER 2008
Hanson, G., and C. Xiang, “The Home Market Effect and Bilateral Trade Patterns”, AER 2004

February 12 Increasing Returns and Path Dependence
**Student Presentation:** Bleakley, H., and J. Lin, “Portage and Path Dependence”, QJE 2012

February 14 – Increasing Returns and Economic Geography
**Student Presentation:** Davis, D., and D. Weinstein, “Bones, Bombs, and Breakpoints”, AER 2002

February 19 – Elements of Trade Costs
**Student Presentation:** Guiso, L., P. Sapienza, and L. Zingales, “Cultural Biasa in Economic Exchange?”, QJE 2009
February 21 – Trade gains from firm-level responses I: within vs between

Feb 26 – Trade gains from firm-level responses: technology adoption
Student Presentation: Lileeva, A., and D. Trefler, “Improved access to foreign markets raises plant-level productivity...for some plants”, QJE 2010

February 28 – Trade and Growth
Young, A., "Learning by Doing and the Dynamic Effects of International Trade”, QJE 1991

March 5, 7, and 12: Midterm presentations

March 14 – Knowledge Spillovers and Competition Effects
Bloom, N., M. Schankerman, and J. van Reenen, Identifying technology spillovers and product market rivalry, Econometrica, forthcoming
Acharya, R., and W. Keller, “Estimating the Productivity Selection and Technology Spillover Effects from Imports”, NBER # 14079

March 19 – Trade and Income Gains III – Trade & Growth
Student Presentation: Feyrer, J., “Trade and Income – the 1967 to 1975 Closing of the Suez Canal as a Natural Experiment”, wp, Dartmouth
Feyrer, J., “Exploiting Time Series in Geography”, wp, Dartmouth
Frankel, J, and D. Romer, “Does Trade Cause Growth?”, AER 1999

March 21 – Gains from trade through institutional change

March 26, 28: Spring Break

April 2: Trade vs Fundamental Sources of Growth

April 4: Trade and Growth with Firms

**Student Presentation:** Baldwin, R., and F. Robert-Nicoud, “Trade and Growth with Heterogeneous Firms”, JIE 2008


April 9 – Gains and Losses from trade liberalization for specific individuals

**Student Presentation:** Bloom, N., M. Draca, and J. van Reenen, ” Trade induced technical change? The impact of Chinese imports on innovation, IT and productivity”, Stanford, 2012


April 11 – No meeting

April 16 – Gains and losses from outsourcing for specific individuals

**Student Presentation:** Hsieh, Chang-tai, and K.T. Woo, The Impact of Outsourcing to China on Hong Kong’s Labor Market.”, AER 2005

Hummels, D., et al., The Wage Effects of Offshoring: Evidence from Danish Matched Worker-Firm Data, NBER # 17496

April 18 – Trade and Income Gains within Countries

**Student Presentation:** Donaldson, D., “Railroads of the Raj: Estimating the Impact of Transportation Infrastructure”, working paper, MIT


April 23, 25, 30, and May 2: Catch-up meeting and student presentations of own research

**University policies**

All policies

http://www.colorado.edu/policies/

Class behavior:

http://www.colorado.edu/policies/classbehavior.html

http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code

Honor code:

http://www.colorado.edu/academics/honorcode/

http://www.colorado.edu/policies/honor.html

Disabilities:

http://www.colorado.edu/disabilityservices/

Religious practices:

http://www.colorado.edu/policies/fac_relig.html

Sexual harassment:

http://www.colorado.edu/odh/