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## Economics 8433 – Seminar in International Economics

Spring 2017, MW 11:00 – 12:15, Econ 5

Professor Wolfgang Keller, email [kellerw@colorado.edu](mailto:kellerw@colorado.edu), Econ 206C, WF 2:00 – 3:00pm

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### Course Outline

#### Overview

This is the department's international trade topics course. In contrast to the introductory trade course that typically provides a broad range of topics as well as 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.

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, of 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. Keep in mind that you will need to carefully read the paper anyway, so the additional work to put together slides 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 that 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 May 5, 5pm emailed to [kellerw@colorado.edu](mailto:kellerw@colorado.edu)

### **Textbook**

Recommended textbook is

Feenstra, R., *Advanced International Trade*, 2<sup>nd</sup> edition, Princeton University Press, 2015.

### **Course Outline**

This version: January 17, 2017

**January 18** – Introduction and Globalization, Taxes, and Inequality

**Required:** Keller, W, and W. Olney, “Globalization and Executive Compensation”, mimeo, 2016

Egger, P., and S. Nigai, “The Taxing Deed of Globalization”, 2016

**January 23** – Trade due to increasing returns and product differentiation

**Required:** Krugman, P., “Scale Economies, Product Differentiation, and the Pattern of Trade”, AER 1980

Krugman, P., "Increasing Returns, Monopolistic Competition, and International Trade", JIE 1979  
Evenett, S., and W. Keller, "On Theories Explaining the Success of the Gravity Equation", JPE 2002.

**January 25** – Foreign direct investment

**Required:** Helpman, E., "[A Simple Theory of Trade with Multinational Corporations](#)", JPE 1984

Markusen, J., *Multinationals and the Theory of International Trade*, MIT Press 2002.

**January 30** - Empirics on Offshoring: FDI Spillovers and firm boundaries

**Required:** Keller, W., and S. Yeaple, "Multinational Enterprises, International Trade, and Productivity: Evidence from US Firms", ReSTAT 2009

Javorcik, B., Does Foreign Direct Investment Increase the Productivity of Domestic Firms? In Search of Spillovers Through Backward Linkages, AER 2004

Hanson, G., and R. Feenstra, "[Ownership and Control in Outsourcing to China: Estimating the Property Rights Theory of the Firm](#)," QJE 2005

**February 1** – FDI, Technology Transfer, and Offshore R&D

**Student Presentation:** Keller, W., and S. Yeaple, "The Gravity of Knowledge", AER 2013  
Fan, J., "Talent, Geography, and Offshore R&D", UMD, mimeo

**February 6** – Evidence for increasing returns to scale – The Home Market Effect

**Student Presentation:** Costinot, A., D. Donaldson, M. Kyle, and H. Williams, "[The More We Die, the More We Sell? A Simple Test of the Home-Market Effect](#)", Stanford, mimeo

Davis, D., and D. Weinstein, "Market access, economic geography and comparative advantage: an empirical test," JIE 2003

Hanson, G., and C. Xiang, "The home market effect and bilateral trade patterns", AER 2004

**February 8** – Welfare gains from product variety

**Student Presentation:** Broda, Christian, and David Weinstein, "Globalization and the Gains from Variety", QJE 2006

Feenstra, R., "New Product Varieties and the Measurement of International Prices", AER 1994

Keller, W., Ben Li, and Carol Shiue, "China's foreign trade: Perspectives from the past 150 years", World Economy, 2011

**February 13** – Market Access

**Student Presentation:** Redding, S., and T. Venables, "Economic Geography and International Inequality, JIE 2004

Redding, S., and D. Sturm, "The Costs of Remoteness: Evidence from German Division and Reunification", AER 2008

**February 15** – Economic Agglomeration I

**Student Presentation:** Ellison, G., E. Glaeser, and W. Kerr, “What Causes Industry Agglomeration? Evidence from Coagglomeration Patterns”, AER 2010  
Ellison, G., and E. Glaeser, “Geographic Concentration in U.S. Manufacturing: A Dartboard Approach”, JPE 1997  
Duranton, G., and H. Overman, “Testing for Localization Using Micro-Geographic Data”, ReStud 2005  
Fort, T., W. Keller, S. Yeaple, and N. Zolas, “Coagglomeration of Manufacturing and R&D: The Impact of Offshoring on Innovation”, mimeo, Colorado.

**February 20** – Economic Agglomeration II

**Student Presentation:** Greenstone, M., R. Hornbeck, and E. Moretti, “[Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings](#)”, JPE 2010.  
Ahlfeldt, G., S. Redding, D. Sturm, and N. Wolf, “The Economics of Density: Evidence from the Berlin Wall”, Eca 2015

**February 22** – Economic Geography, Path Dependence, and Multiple Equilibria

**Student Presentation:** Davis, D., and D. Weinstein, “Bones, Bombs, and Breakpoints”, AER 2002  
Bleakley, H., and J. Lin, “Portage and Path Dependence”, QJE 2012  
Krugman, P., “Increasing Returns and Economic Geography”, JPE 1991  
Fujita, M., P. Krugman, and A. Venables, *The Spatial Economy*, MIT Press 2001

**February 27** – Offshoring, outsourcing, and workers

**Student Presentation:** Hummels, D., et al., [The Wage Effects of Offshoring: Evidence from Danish Matched Worker-Firm Data](#), AER 2014  
Hsieh, C.T., and K.T. Woo, “The Impact of Outsourcing to China on Hong Kong's Labor Market.”, AER 2005

March 1 – No lecture

March 6, 8, and 13: Midterm presentations

**March 15** Import competition and high-income labor markets

**Student Presentation:** Autor, D., D. Dorn, and G. Hanson, “The China Syndrome: Local Labor Market Effects of Import Competition in the US”, AER 2013  
Utar, H., “When the floodgates open: Northern Firms’ Responses to Removal of Trade Quotas on Chinese Goods”, AEJ: Applied 2014

Kovak, B., "Regional Effects of Trade Reform: What is the Correct Measure of Liberalization?", AER 2013

**March 20** – Labor Adjustment to trade shocks – Structural

**Student Presentation:** Artuc, E., S. Chaudhuri, J. McLaren, Trade Shocks and Labor Adjustment: A Structural Empirical Approach", AER 2010

Dix-Carneiro, R. , "Trade Liberalization and Labor Market Dynamics", Eca 2014

Brussevich, M. "Does Trade Liberalization Narrow the Gender Wage Gap? The Role of Sectoral Mobility", mimeo, 2016, Purdue

**March 22** – Globalization and Job Polarization

**Student Presentation:** Keller, W., and H. Utar, "International Trade and Job Polarization: Evidence at the Worker-level", mimeo, 2016

Goos, M., A. Manning, and A. Salomons, "Explaining Job Polarization: Routine-Biased Technological Change and Offshoring", AER 2014

Autor, D., and D. Dorn, "The Growth of Low-Skill Service Jobs and the Polarization of the US Labor Market", AER 2013

March 27 – March 29 – Spring Break

**April 3** – Globalization and Gender

**Student Presentation:** Boler, E., B. Javorcik, and K.-H. Ullveit-Moe (2015), "Globalization: A Woman's Best Friend?", CEPR Discussion Paper # 10475, March.

Keller, W., and H. Utar, "Globalization, Gender, and the Family", mimeo, 2016

Autor, D., D. Dorn, and G. Hanson, "When Work Disappears: How Adverse Labor Market Shocks Affect Fertility, Marriage, and Children's Living Circumstances", mimeo, 2016

Bertrand, M., E. Kamenica, and J. Pan, "Gender Identity and Relative Income within Households", QJE 2015

**April 5** – Import competition, trade liberalization, and innovation

**Student Presentation:** Bloom, N., M. Draca, and J. van Reenen, "Trade induced technical change? The impact of Chinese imports on innovation, IT and productivity", ReStud 2016

Autor, D., D. Dorn, G. Hanson, G. Pisanu, P. Shu, "Foreign Competition and Domestic Innovation: Evidence from U.S. Patents", mimeo, 2016

Coelli, F, A Moxnes and K H Ulltveit-Moe, "[Better, Faster, Stronger: Global Innovation and Trade Liberalization](#)", CEPR Discussion paper No. 11506, 2016

Aghion, P., N. Bloom, R. Blundell, R. Griffith, and P. Howitt, "Competition and Innovation: an inverted-U relationship, QJE 2005

**April 10** – Peer effects: Separating spillovers from competition

**Student Presentation:** Bloom, N., M. Schankerman, and J. van Reenen, “Identifying technology spillovers and product market rivalry”, *Eca* 2013

Jiang, K., W. Keller, L. Qiu, and W. Ridley, “Knowledge Spillovers and Competition in Joint Venture Formation”, in progress

**April 12** – Retailing and the Gains from Trade

**Student Presentation:** Atkin, D., B. Faber, and M. Gonzalez-Navarro, “Retail Globalization and Household Welfare: Evidence from Mexico”, forthcoming, *JPE*  
Iacovone, L., B. Javorcik, W. Keller, and J. Tybout, “Supplier Responses to Walmart’s Invasion of Mexico”, *JIE* 2015

**April 17** – Trade and growth with firms

**Student Presentation:** Sampson, T. “Dynamic selection: an idea flows theory of entry, trade, and growth”, *QJE* 2016.

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

Costantini, J., and M. Melitz, “The Dynamics of Firm Level Adjustment to Trade Liberalization”, in *The Organization of Firms in a Global Economy*, ed. Helpman, Marin, and Verdier, Harvard UP, 2008

Feenstra, R., *Advanced International Trade*, 2<sup>nd</sup> edition, Chapter 11

**April 19** – Trade, market integration, institutions, and growth

**Student Presentation:** Acemoglu, D., S. Johnson, and J. Robinson, “The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth”, *AER* 2005

Keller, W., and C. Shiue, “Market Integration as a Mechanism of Growth”, mimeo, 2016

Rodrik, D., A. Subramaniam, and F. Trebbi, “Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development”, *J Econ Growth* 2004

Puga, D., and D. Trefler, “International Trade and Institutional Change: Medieval Venice’s Response to Globalization”, *QJE* 2014

April 24, 26, and May 3: Cath-up and final presentations

### **University policies observed**

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](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](http://www.colorado.edu/policies/fac_relig.html)

Sexual harassment:

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