
Economics 8433 – Seminar in International Economics

Spring 2015, Tuesday & Thursday 12:30 – 1:45 pm, Econ 5

Professor Wolfgang Keller, email kellerw@colorado.edu, Econ 206C, TTH 2-3pm

Course Outline

Overview

This is the department's international trade topics course. In contrast to the introductory trade course that 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, 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 4, 7pm emailed to kellerw@colorado.edu

Course Outline

This version: January 11, 2015

January 13 - General Introduction & vertical foreign direct investment (FDI)

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 15 - FDI versus International Outsourcing

Required: Antras, P., and E. Helpman, "[Global Sourcing](#)", JPE 2004
Antras, P., "[Trade, Contracts, and Trade Structure](#)", QJE 2003

January 20 - Empirics on FDI & Offshoring: 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

January 22 – Trade and Growth I

Required: Young, A., "[Learning by Doing and the Dynamic Effects of International Trade](#)", QJE 1991

Rivera-Batiz, L, and P. Romer, "Economic Integration and Endogenous Growth", QJE 1991

Acemoglu, D., and J. Ventura, "The World Income Distribution", QJE 2002

January 27 - Trade and product variety

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

Hersh and H. Joachim Voth, “Sweet Diversity: Colonial Goods and the Rise of European Living Standards after 1492”, 2009

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

January 29 - 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

Redding, S, et al. “The Economics of Density: Evidence from the Berlin Wall” CEP Discussion paper 1154, June 2012

Hanson, G., and C. Xiang, “The Home Market Effect and Bilateral Trade Patterns”, AER 2004

February 3 - Increasing Returns and Path Dependence

Student Presentation: 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 5 - Increasing Returns and Economic Geography

Student Presentation: Davis, D., and D. Weinstein, “Bones, Bombs, and Breakpoints”, AER 2002

Davis, D., and D. Weinstein, “A Search for Multiple Equilibria in Urban Industrial Structure”, Journal of Regional Science 2008

February 10 - Trade gains from firm-level responses: within vs between

Student Presentation: Trefler, D. , “The Long and the Short of the Canada-US Free Trade Agreement”, AER 2004

Pavcnik, N., “Trade Liberalization, Exit, and Productivity Improvement: Evidence from Chilean Plants”, ReStud 2002

February 12 - 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

Bustos, P., [Trade Liberalization, Exports and Technology Upgrading: Evidence on the impact of MERCOSUR on Argentinian Firms](#), AER 2011

February 17 - Import competition, firms and local 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

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

Utar, H., “When the floodgates open: Northern Firms’ Responses to Removal of Trade Quotas on Chinese Goods”, AEJ 2014

February 19 - Trade and labor market outcomes – worker level evidence

Student Presentation: Utar, H., “Workers Beneath the Floodgates: The Impact of Removing Trade Quotas on Danish Workers”, wp, 2014

Autor, D., D. Dorn, G. Hanson, and J. Song, "Trade Adjustment: Worker-Level Evidence", QJE 2014

February 24 - Trade, offshoring, skill bias & job polarization

Student Presentation: Michaels, G., "The Effect of Trade on the Demand for Skill – Evidence from the Interstate Highway System", ReSTAT 2009

Goos, M., A. Manning, and A. Salomons. 2014. "Explaining Job Polarization: Routine-Biased Technological Change and Offshoring." *American Economic Review*, 104(8): 2509-26.

Berman, E., J. Bound, and Z. Griliches, "Changes in the Demand for Skilled Labor within Manufacturing: Evidence from the Annual Survey of Manufacturers", QJE 1994

February 26 - Offshoring and workers

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](#), AER 2014

Midterm presentations: March 3, 5, and 10

March 12 - Knowledge Spillovers and Competition Effects

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

Bloom, N., M. Schankerman, and J. van Reenen, Identifying technology spillovers and product market rivalry, *Econometrica* 2013

Acharya, R., and W. Keller, "Estimating the Productivity Selection and Technology Spillover Effects from Imports", NBER # 14079

March 17 - Innovation, Trade, and Offshoring

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

E. A. Boler, A. Moxnes, and K.-H. Ullveit-Moe, "R&D, International Sourcing, and the Joint Impact on Firm Performance", mimeo, Jan 2014

Keller, W., and S. Yeaple, "Innovation in the Age of Offshoring", in progress

March 19 – Trade & Growth: Econometric evidence

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

Rodriguez, F., and D. Rodrik, "Trade [Policy and Economic Growth: A Skeptic's Guide to the Cross-National Evidence](#)", NBER Macro Annual 2000

Spring break: March 24 and 26

March 31 - Institutions' impact on trade

Student Presentation: Levchenko, A., "Institutional Quality and International Trade", ReStud 2007

Nunn, N. "Relationship-Specificity, Incomplete Contracts, and the Pattern of Trade", QJE 2007

Manova, K. "Credit Constraints, Heterogeneous Firms, and International Trade", ReStud 2013

April 2 - Trade affects institutions

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

Puga, D., and D. Trefler, "International Trade and Institutional Change: Medieval Venice's Response to Globalization", QJE 2014

April 7 - Institutions and growth: is trade the mechanism?

Student Presentation: Keller, W., and C. Shiue, "The Contributions of Institutions and Market Integration to Economic Development: Evidence from 19th Century Germany", mimeo, Jan 2015

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

Alcala, F., and A. Ciccone, "Trade and Productivity", QJE 2004

April 9 - Trade and Growth with Firms

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

Burstein, A., and A. Atkeson, "Innovation, Firm Dynamics, and International Trade", JPE 2010

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

Burstein, A., and M. Melitz, "Trade Liberalization and Firm Dynamics", in Acemoglu, Arellano, and Dekel (eds), Advances in Economics and Econometrics: Theory and Application. Tenth World Congress, Vol. II, Applied Economics, CUP 2013.

April 14 - Trade and Income Gains within Countries

Student Presentation: Donaldson, D., "Railroads of the Raj: Estimating the Impact of Transportation Infrastructure", AER, forthcoming

Duranton, G., P. Morrow, and M. Turner, "Roads and Trade: Evidence from the U.S.", ReStud

Bernard, A., A. Moxnes, and Y. Saito (2014a) "[Geography and Firm Performance in the Japanese Production Network](#)", RIETI Discussion Paper 14-E-034.

April 16 - Elements of trade costs

Student Presentation: Head, K., T. Mayer, and J. Ries, "The Erosion of Colonial Ties after Independence", JIE 2010

Guiso, L., P. Sapienza, and L. Zingales, "Cultural Biases in Economic Exchange?", QJE 2009

Anderson, J., and E. van Wincoop, "Gravity with Gravitas", AER 2003

Anderson, J., "Trade Costs", JEL 2004

Bronnenberg, B., S. Dhar, and J-P. Dube, "Brand History, Geography, and the Persistence of Brand Shares", JPE 2009

Crozet, M., and P. Koenig, "Structural gravity equations with intensive and extensive margins", Canadian J Econ 2010

Catch-up meeting and student presentations of research projects: April 21, 23, 28, and 30

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/>