Course Description:

This class aims to give a survey of some (though not all) the main topics in the current Trade literature. Of course time will not allow to cover every topic, nor can we even master any one topic. But it will give you the basis through which you can then delve deeper into the question you find most interesting.

Although I hope this course ultimately provides you with the knowledge to go after an empirical question, notice that we cannot escape the very important theory aspect that dominates this literature. Therefore, the class is a mix of both theoretical foundations while I also try to provide the empirical assessments that have been conducted using theory as its foundation. The beginning of the class especially will be more focused on theory as we cover the fundamental models that are underlie all papers in the literature. To do this, the Feenstra textbook is essential reading and so we will use this a lot at the beginning. The class will seem more like a first-year class for these topics and I will assign problems from the textbook. As we advance to topics that are derivatives of the core models we will rely more on reading published articles (mostly newer ones from the past 10 years or so). More of these papers will presented by you the students.

Course Objectives:

The objective is to give you a foundation for what are the core models used in trade and how those are used in the most recent literature. There is not enough time to get into great detail on any one topic, but if you capture the math and intuition of the core models and get a good idea of what questions are being asked in the most recent literature, that should provide you a starting point to go out and become an expert on one topic that you find the most fruitful for your dissertation.

Within the course, the most important aspect is that you put in the time before each lecture to do the required readings. There will be a lot of reading (as is probably the case in most of your 2nd/3rd year courses). I will announce which reading is necessary for the next lecture, and I expect you to have done that before class. It is just not possible in the graduate class to talk about a topic if the student has not done the reading before hand because the lecture will not make sense. And because this will allow for in-class discussion, think of each students’ reading as a positive externality for the whole class by stimulating discussion. If everyone shirks and does not cooperate the class is dull and everyone learns less.

Course Information:

LECTURE TIME: Tuesday, Thursday: 3:00pm – 4:15pm.
CLASSROOM: CATE 0237.
Instructor Information:
Ariel Weinberger
ariel.weinberger@ou.edu

OFFICE HOURS: By appointment
OFFICE: CATE 332

Textbook Information:


Links to additional readings will be available through the class website or I will expect you to find the papers online.

Other Useful Books:

Course Website:
The Canvas site will be used mostly to upload files (papers etc.) used in class.

Grading:

Your grade will consist of the following assignments:

- A few problem sets on the theory covered in class. (20%)
- Presentations of papers. Throughout the class I will have you present many of the papers instead of me lecturing on them (each presentation being 20-30 min). Each student will end up presenting at least 3-4 times. (30%)
- One referee report of a paper of your choosing (but you will have to get it approved by me beforehand). This paper must be unpublished, so I want you to use the working paper series at www.nber.org (must be under the category of ITI which are trade papers, although ITI might be only one of the fields since most papers have multiple fields). (20%)
- Research proposal (7-10 pages) of a topic for a paper that you can start immediately following the class in the next summer. You should identify not only your idea, but how you can carry the idea forth (method, theory, data, etc.) (30%)

Class Schedule and Topics (preliminary and subject to change):

1. Gains from Trade and the Ricardian Model (Week 1 and 2)
- Feenstra, Ch. 1.

2. Heckscher-Ohlin, Factor Proportions, Ricardo-Viner, and Empirical Tests of HOV Theory. (Week 3)
- Feenstra, Ch. 2 and 3.
- Trefler (1995)

3. Monopolistic Competition and the Gravity Equation (Week 4 and 5)
- Feenstra, Ch. 5
- Dixit and Stiglitz (1977)
- Krugman (1980)
- Head and Mayer (2013 Handbook of Economics): “Gravity Models — Workhorse, Toolkit and Cookbook.” [Also covers some of Topics 4 and 5].
- *Santos and Tenreyro. (2008 RESTAT) ‟The Log of Gravity”

4. Heterogeneous Firms: (Week 6)
- Feenstra, Ch. 6
- Bernard, Jensen, Redding and Schott (2007): “Firms in International Trade.”
- Melitz and Redding (2013 Handbook of Economics): “Heterogeneous Firms and Trade.”

5. Gravity Models with Heterogeneous Firms and Gains from Trade (Week 7)
- *Chen and Novy (2012 JIE): “Gravity Trade Integration and Heterogeneity Across Industries.”

6. Firm-level Analysis: Productivity Estimation and Calibration (Week 8 (before Spring break))
   - De Loecker (2011)
   - Foster, Haltiwanger and Syverson (2008 AER): “Reallocation, Firm Turnover and Efficiency: Selection on Productivity or Profitability?”

7. Extensions to the Literature on Firm Heterogeneity and Gains from Trade (week 10 and 11)
   a. Non-homothetic models and variable markups.
   - *Berman, Martin, and Mayer (2012 QJE): “How do Different Exporters React to Different Exchange Rate Changes?”

b. Multi-product Firms
8. Offshoring, Multinationals, and Wage Inequality (week 12 and 13)
   a. Inputs (Offshoring)
   - Feenstra, Ch.4
   - Feenstra and Hanson (1999)
   - Amiti and Wei (2009 WE): “Service Offshoring and Productivity: Evidence from the US.”
   - Boehmm, Flaaen, and Pandalai-Nayar (2016)
   - Blaum, Lelarge and Peters (2016): “Gains from Input Trade.”
   - Gopinath and Neiman (2014 AER): “Trade Adjustment and Productivity In Large Crisis.”

   b. Multinationals and Supply Chains
   - Feenstra, ch. 12.
   - Antras (2004 JPE): “Global Sourcing.”

   c. Wage Inequality
   - Thomas Sampson (2014 AEJ): “Selection Into Trade and Wage Inequality.”
   - Fajgelbaum and Khandelwal (2015 QJE): “Measuring the Unequal Gains From Trade.”.

9. Other Labor and Distributional Effects of Trade (week 13)
10. Vertical Product Differentiation (week 14)
- Di Comite, Thisse, Vanderbussche (2014)
- Fajgelbaum, Grossman and Helpman (2013)
- Fenstra and Romalis (2014)

11. Import Tariffs and Dumping (week 15)
- Feenstra Ch. 8
- Chad Bown data on anti-dumping

12. Economic Geography (maybe)
- Redding and Sturm (2007 AER)
- Greenstone, Hornbeck and Moretti (2010 JPE)

13. Credit Constraints and Trade
- Manova (2012 Restud)

Papers to be presented by students:

Bernhofen and Brown (2004): “A Direct Test of the Theory of Comparative Advantage: The Case of Japan.” Combine this with the 2005 paper. (January 24th)


Santos and Tenreyro (2008)

Trefler (2004)

Chen and Novy (2012)
Bas, Mayer and Thoenig (2014)

Pavcnik (2002)

Epifani and Gancia (2011)

2 students: De Loecker and Warzynski (2012) plus Amiti, Itskohki, and Konings (2016) [Try to put DW and AIK back to back to talk about markups and pass-through].

Goldberg, Khandelwal, Pavcnik and Topalova (2010 QJE)

Amiti and Konings (2007)

Hummels, Jorgensen, Munch, and Xiang (2014)

Verhoogen (2008)

Autor, Dorn and Hanson + Acemoglu, Autor, Dorn and Hanson.

Hallak (2006): “Product Quality and the Direction of Trade”

Konings and Vandenbussche (2013)