

International Trade

PhD in Economics, University of Padua

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Course description

This course introduces students to some of the core theories of international trade, and their most recent applications. We begin by reviewing some of the workhorse models of international trade, such as the Ricardian model, the Heckscher-Ohlin model, and increasing returns model. The second part of the course reviews some applications of these models.

Office hours: by appointment.

Course web site: on Moodle.

Exam: students will have to present an established paper (more details in due course).

Textbooks There is no specific textbook for this course. The main references are journal articles that will be covered in details in class and the lecture notes (slides). Here is a list of textbooks for general reference.

- Dixit, Avinash and Victor Norman (1980). *Theory of International Trade - A dual, general equilibrium approach*, Cambridge, Cambridge University Press. (Henceforth DN)
- Feenstra, R.C. *Advanced International Economics: Theory and Evidence*, second edition. (Princeton University Press: 2016) (Feenstra).
- Grossman, G.M. and E. Helpman (1991), *Innovation and Growth in the Global Economy* (MIT Press). (GH)
- Helpman, H. and P. Krugman (1995), *Market Structure and Foreign Trade*, Cambridge, MIT Press. (ELK)
- Elhanan Helpman, *Understanding Global Trade*, Cambridge, MA: Harvard University Press, forthcoming. (EH)
- Krugman P., M. Obstfeld and M. Melitz (2010) *International Economics*, Pearson. (KOM)

Below you can find a detailed syllabus. The double starred references are required readings, the single starred are essential recommended reading.

PART I: CORE MATERIAL

General comparative advantage model

- (*) DN, Chapters 1-4.

The Ricardian framework

- (**) Dornbusch, R., S. Fischer, and P.A. Samuelson (1977), "Comparative Advantage, Trade, and Payments with a Continuum of Goods," *American Economic Review*, 67: 823-839.
- (**) Jonathan Eaton & Samuel Kortum, 2002. "Technology, Geography, and Trade," *Econometrica*, *Econometric Society*, vol. 70(5), pages 1741-1779, September.
- Costinot, Arnaud, Dave Donaldson and Ivana Komunjer (2012). "What Goods do Countries Trade? A Quantitative Exploration of Ricardos Ideas", *Review of Economics Studies*, Vol. 79, pp. 581-608.
- Jonathan Eaton & Samuel Kortum, 2012. "Putting Ricardo to Work," *Journal of Economic Perspectives*, vol. 26(2), pages 65-90, Spring.

The Heckscher-Ohlin framework

- (*) DN, Chapters 1-4.
- (**) Feenstra, Chapters 1-3.

Trade and monopolistic competition

- (**) Krugman, P.R. (1980): "Scale Economies, Product Differentiation, and the Pattern of Trade," *American Economic Review*, 70: 950-959.
- (**) Krugman, Paul (1981). "Intra-industry Specialization and the Gains from Trade" in *Journal of Political Economy*, Vol. 89, No. 5, pp. 959-973.
- Broda, Christian, and David E. Weinstein (2007). "Globalization and the Gains from Variety", *Quarterly Journal of Economics*, Vol. 121, No. 2, pp. 541-585.
- Neary, Peter (2009). "Putting the "New" into New Trade Theory: Paul Krugman's Nobel Memorial Prize in Economics", *Scandinavian Journal of Economics*.
- Balassa, B. (1967). *Trade Liberalization among Industrial Countries*, McGraw-Hill, New York.

PART II: APPLICATIONS

Gravity and quantitative trade models

- (**) Head, Keith and Thierry Mayer (2013). "Gravity Equations: Workhorse, Toolkit, and Cookbook", in Gopinath, G., E. Helpman, and K. Rogoff (Eds), *Handbook of International Economics*, Vol. 4, Elsevier (forthcoming).
- (**) Anderson, James and Eric van Wincoop (2003). "Gravity with Gravitas: A Solution to the Border Puzzle", *American Economic Review*, Vol. 93, No. 1, pp. 170-192.
- (*) Anderson, James E. (1979). "A Theoretical Foundation for the Gravity Equation", in *American Economic Review*, Vol. 69, No. 1, pp. 106-116.
- Armington, Paul (1969). "A Theory of Demand for Products Distinguished by Place of Production", *International Monetary Fund Staff Papers*, Vol. 16, pp. 159-78.

Transport infrastructure and the location of economic activity

(reading list TBC)

Trade, Growth and Politics

(reading list TBC)

Trade and International Political Economy

(reading list TBC)