

Section I: Neoclassical Theories of Trade

Lecture 1: Gains from Trade and the Law of Comparative Advantage (Theory)

Essential:

- DN pp. 65-79, 94-96

Recommended:

- F, pp.179-188
- A. Deardorff, "[The general validity of the law of comparative advantage](#)," JPE 1980, 941-957
- A. Dixit and V. Norman, "[Gains from trade without lump-sum compensation](#)," JIE 1986, 111-122
- P. Samuelson (1939), "The gains from international trade," CJE 1939, pp.195-205

Lecture 2: Gains from Trade and the Law of Comparative Advantage (Empirics)

Essential:

- Bernhofen and Brown, "[A Direct Test of the Theory of Comparative Advantage: The Case of Japan](#)," JPE, 2004, 48-67.
- Bernhofen and Brown (2005), "[An Empirical Assessment of the Comparative Advantage Gains from Trade: Evidence from Japan](#)," AER, 208-25.
- Frankel, J. and D. Romer, "[Does Trade Cause Growth?](#)," AER, 1999, 379-99.

Recommended:

- Rodrik and Rodriguez (2000), "[Trade Policy and Economic Growth: A Skeptic's Guide to the Cross-National Evidence](#)."
- Feyrer, J. (2009), "[Trade and Income – Exploiting Time Series in Geography](#)," NBER working paper 14910.
- Feyrer, J. (2009), "[Distance, Trade and Income – The 1967 to 1975 Closing of the Suez Canal as a Natural Experiment](#)," NBER working paper.
- Broda and Weinstein (2006), "[Globalization and the Gains from Variety](#)," QJE, pp. 541-585.

Lecture 3: The Ricardian Model (Theory)

Essential:

- Eaton, J. and S. Kortum (2002), "[Technology, geography and trade](#)," ECMA, pp. 1741-1779.
- Dornbusch, R., S. Fischer and P. Samuelson (1977), "[Comparative advantage, trade, and payments in a Ricardian model with a continuum of goods](#)," AER, pp. 823-39.

Recommended:

- Costinot, A., (2009). "[On the origins of comparative advantage](#)," JIE pp. 255-64.
- Costinot, A. (2009), "[An elementary theory of comparative advantage](#)," Econometrica, pp.1165-92.
- Costinot, Donaldson and Komunjer (2010), "[What goods do countries trade? A quantitative exploration of Ricardo's ideas](#)," NBER working paper 16262.
- Deardorff (2007), "[The Ricardian Model](#)," working paper.

- Grossman, G. and E. Rossi-Hansberg, "[External economies of scale and trade redux](#)," QJE, pp. 829-858.
- Jones, R (1961), "[Comparative Advantage and the Theory of Tariffs: A Multi-Country, Multi-Commodity Model](#)," *The Review of Economic Studies*, Vol. 28, No. 3, pp. 161-175.
- K chapter 10.
- Matsuyama, K. (2000), "[A Ricardian Model with a Continuum of Goods under Nonhomothetic Preferences: Demand Complementarities, Income Distribution, and North-South Trade](#)," JPE, pp. 1093-1120.
- Matsuyama, K. (2008), "[Ricardian trade theory](#)," *New Palgrave Dictionary of Economics*.
- Wilson, A. (1980), "[On the General Structure of Ricardian Models with a Continuum of Goods: Applications to Growth, Tariff Theory, and Technical Change](#)," *Econometrica*, Vol. 48, No. 7, pp. 1675-1702.

Lecture 4: The Ricardian Model (Empirics)

Essential:

- Costinot, Donaldson and Komunjer (2010), "[What goods do countries trade? A quantitative exploration of Ricardo's ideas](#)," NBER working paper 16262.
- Deardorff, A. (1984), in JK.
- Eaton, J. and S. Kortum (2002), "Technology, geography and trade," ECMA, pp. 1741-1779.
- Golub and Hsieh, (2000) "[Classical Ricardian Theory of Comparative Advantage Revisited](#)," *RIE*, pp. 221-234
- Nunn (2007), "[Relationship-Specificity, Incomplete Contracts, and the Pattern of Trade](#)," *QJE*, pp. 569-600.

Recommended:

- MacDougall, G. (1951), "[British and American Exports: A Study Suggested by the Theory of Comparative Costs. Part I](#)," *The Economic Journal*, Vol. 61, No. 244, pp. 697-724.
- Stern, R. (1962), "[British and American Productivity and Comparative Costs in International Trade](#)," *Oxford Economic Papers*, New Series, Vol. 14, No. 3, pp. 275-296.
- Balassa, B. (1963), "[An Empirical Demonstration of Classical Comparative Cost Theory](#)", *The Review of Economics and Statistics*, Vol. 45, No. 3, pp. 231-238.

Lectures 5&6: The Ricardo-Viner and Heckscher-Ohlin Models (Theory)

Ricardo-Viner:

Essential:

- DN pp.38-43, 86-87 and 102-106

Recommended:

- Jones, R. and P. Neary (1984), "The positive theory of international trade," in JK, pp 21-27.
- Jones, R. (1971), "A Three Factor Model in Theory, Trade and History," in Bhagwati, J., R.W. Jones, R. Mundell and J. Vanek (eds.), *Trade, Balance of Payments and Growth*.

Heckscher-Ohlin:*Essential:*

- F, pp. 31-41, pp. 64-71, pp. 83-93.

Recommended:

- Costinot, A., and J. Vogel (2009), "[Matching and Inequality in the World Economy](#)," *JPE*, 747-86.
- DN pp. 106-122
- Dornbusch, Fischer Samuelson (1980), "[Heckscher-Ohlin Trade Theory with a Continuum of Goods](#)," *The Quarterly Journal of Economics*, Vol. 95, No. 2, pp. 203-224.
- Ethier (1984), W., "Higher dimensional trade theory," in JK
- HKa, chapter 1
- Jones, R., "[The structure of simple general-equilibrium models](#)," *JPE* 1965, 557-572.
- Jones, R. and P. Neary (1984), "The positive theory of international trade," in JK, pp 14-21.
- E. Leamer (2009), "[Heckscher-Ohlin and the Craft of Economics](#)," mimeo

Lectures 7&8: The Ricardo-Viner and Heckcher-Ohlin Models (Empirics)**Ricardo-Viner:***Essential:*

- Grossman and Levinsohn (1989), "[Import Competition and the Stock Market Return to Capital](#)," *AER*, 1065-87.

Recommended:

- Kohli (1993), "[US Technology and the Specific-Factors Model](#)," *JIE*, pp. 115-136.
- Kovak (2010), "[Regional Labor Market Effects of Trade Policy: Evidence from Brazilian Liberalization](#)," working paper.
- Magee (1980), "Three simple tests of the Stolper-Samuelson theorem," in P. Oppenheimer, Ed., *Issues in International Economics*, Oriel Press, Amsterdam, pp. 138–151.
- Mayda and Rodrik (2005), "Why are some people (and countries) more protectionist than others?" *EER*.
- Muendler and Menezes-Filho (2007), "[Labor reallocation in response to trade reform](#)," UCSD working paper.
- Topalova, Petia. 2010. "[Factor Immobility and Regional Impacts of Trade Liberalization: Evidence on Poverty from India](#)." *American Economic Journal: Applied Economics*, 2(4): 1–41,

Heckscher-Ohlin: General/Introduction*Essential:*

- Baldwin (2009), *The Development and Testing of Heckscher-Ohlin Trade Models: A Review (Ohlin Lectures)*, MIT Press.
- F, chapters 2-4.
- Leamer (2009), "[Heckscher-Ohlin and the Craft of Economics](#)," mimeo
- Leamer and Levinsohn (1995), "International Trade Theory: The Evidence," in *Handbook of International Economics volume III*, Grossman and Rogoff, eds. [sections 1-3 only]

Heckscher-Ohlin: 'Goods Content' of Trade Tests*Essential:*

- Harrigan (1997), "[Technology, Factor Supplies, and International Specialization: Estimating the Neoclassical Model](#)," *AER*, 475-494.
- Harrigan (2001), "Specialization and the Volume of Trade: Do the Data Obey the Laws?" in *Handbook of International Trade (Volume 1)*, Choi and Harrigan, eds. [section 2 only].

Recommended:

- Bernstein, J. and Weinstein, D. (2002), "[Do endowments predict the location of production?: Evidence from national and international data](#)", *JIE*.
- Blum (2009), "[Endowments, Output, and the Bias of Directed Innovation](#)," *Review of Economic Studies*.
- Morrow, P (2010), "Ricardian-Heckscher-Ohlin Comparative Advantage: Theory and Evidence", *JIE*.
- Romalis (2004), "[Factor Proportions and the Structure of Commodity Trade](#)," *AER*.
- Schott (2003), "[One Size Fits All? Heckscher-Ohlin Specialization in Global Production](#)," *AER*.
- Schott (2004), "[Across-Product Versus Within-Product Specialization in International Trade](#)," *QJE*.

Heckscher-Ohlin: Factor Content of Trade Tests*Essential:*

- Davis and Weinstein (2003), "The Factor Content of Trade," in *The Handbook of International Trade*, J. Choi and J. Harrigan, eds., London: Blackwell.

Recommended:

- Antweiler and Trefler (2002), "Increasing Returns and All That: A View from Trade," *AER*.
- Bernhofen and Brown (2009), "[Testing the general validity of the Heckscher-Ohlin Theorem: the natural experiment of Japan](#)," Nottingham working paper.
- Bowen, Leamer and Sviestas (1987), "[Multicountry, multifactor tests of the factor abundance theory](#)," *AER*, 791-809.
- Choi and Krishna (2004), "[The Factor Content of Bilateral Trade: An Empirical Test](#)," *JPE*
- Davis and Weinstein (1997), Bradford and Shimp, "[Using International and Japanese Regional Data to Determine When the Factor Abundance Theory of Trade Works](#)," *AER*, 421-446.
- Davis and Weinstein (2001), "[An Account of Global Factor Trade](#)," *AER*.
- Davis and Weinstein (2001), "[Do Factor Endowments Matter for North-North Trade?](#)," NBER working paper 8516.
- Debaere (2003), "[Relative Factor Abundance and Trade](#)," *JPE*.
- Gabaix, X (1997), "The Factor Content of Trade: A Rejection of the Heckscher-Ohlin-Leontief Hypothesis," mimeo Harvard
- Hakura (2001), "Why does HOV fail?: The role of technological differences within the EC", *JIE*.
- Trefler (1995), "[The Case of the Missing Trade and Other Mysteries](#)," *AER*, 1029-1046.
- Trefler (1993), "[International Factor Price Differences: Leontief Was Right!](#)," *JPE*, 961-987.
- Trefler and Zhu (2010), "[The Structure of Factor Content Predictions](#)," *JIE*, 195-207.

Heckscher-Ohlin: FPE tests*Recommended:*

- Bernard, A., S. Redding, and P. Schott (2009) “Testing for Factor Price Equality in the Presence of Unobserved Factor Quality Differences”
<http://mba.tuck.dartmouth.edu/pages/faculty/andrew.bernard/usfpe.pdf>, working paper.
- Slaughter, M.J. (2001), “[Does trade liberalization converge factor prices? Evidence from the antebellum transportation revolution](#),” *J of International Trade and Economic Development*, pp. 339-362.

Section II: ‘New’ (Non-Neoclassical) Theories of Trade:**Lecture 9: Increasing Returns and Monopolistic Competition (Theory)****Monopolistic Competition:***Essential:*

- HKa, chapters 6-9

Recommended:

- K chapters 1-3
- Fajgelbaum, P., G. Grossman and E. Helpman (2009), “[Income Distribution, Product Quality, and International Trade](#).”

Other oligopolistic settings (not covered in class):*Recommended:*

- HKa Chapter 5
- K Chapter 4
- P. Neary, “[International Trade in General Oligopolistic Equilibrium](#),” mimeo.

Lecture 10: Increasing Returns and Monopolistic Competition (Empirics)*Essential:*

- Davis and Weinstein (1996), “[Does Economic Geography Matter for International Specialization?](#)” NBER working paper 5706.
- Hanson and Xiang (2004), “[The Home-Market Effect and Bilateral Trade Patterns](#),” *AER*.

Recommended:

- Behrens, Ottaviano, Lamorgese and Tabuchi (2005), “[Testing the 'home market effect' in a multi-country world: A theory-based approach](#),” Bank of Italy working paper.
- Bhagwati and Davis (1999), “[Intraindustry Trade: Issues and Theory](#),” in *Trade, theory and econometrics: essays in honour of John S. Chipman*, Melvin, Moore, Riezman and Chipman, eds.
- Davis and Weinstein (2003), “[Market access, economic geography and comparative advantage: an empirical test](#),” *JIE*, Vol. 59, 1-23.
- Davis and Weinstein (2002), “[Bones, Bombs and Break Points: The Geography of Economic Activity](#),” *AER*.

- Evenett and Keller (2002), "[On Theories Explaining the Success of the Gravity Equation](#)," *JPE*
- Harrigan, J. (2001), "[Specialization and the Volume of Trade: Do the Data Obey the Laws?](#)" in *Handbook of International Trade (Volume I)*, Choi and Harrigan, eds. [section 3 only].
- Hummels, David and James Levinsohn (1995), "[Monopolistic Competition and International Trade: Reconsidering the Evidence](#)," *QJE*, Vol. 110, No. 3 (Aug., 1995), pp. 799-836.
- Leamer and Levinsohn (1995), "[International Trade Theory: The Evidence](#)," in *Handbook of International Economics Volume III*, Grossman and Rogoff eds., pp.1339-1394 [sections 4 and 6 only]

Lectures 11&12: Monopolistic Competition with Firm-Level Heterogeneity (Theory)

Essential:

- Melitz, M. (2003), "[The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity](#)," ECMA, 1695-1725.
- Chaney, T. (2008), "[Distorted Gravity: Heterogeneous Firms, Market Structure and the Geography of International Trade](#)," AER.
- Bernard, A., S., Redding, and P. Schott (2007), "[Comparative Advantage and Heterogeneous Firms](#)," RES.
- Melitz, Marc and Gianmarco Ottaviano (2003), "[Market Size, Trade and Productivity](#)," RES.
- Bernard, A., S. Redding, and P. Schott. 2009. "[Multi-product Firms and Trade Liberalization](#)," mimeo.

Recommended:

- Arkolakis, Costas (2008), "[Market Penetration Costs and the New Consumers Margin in International Trade](#)," NBER.
- Arkolakis, C. and M. Muendler (2009), "[The Extensive Margin of Exporting Goods: A Firm-Level Analysis](#)," mimeo.
- Mayer, T., M. Melitz, and G. Ottaviano. 2009. "[Market size, Competition, and the Product Mix of Exporters](#)," mimeo.
- Nocke, V. and S. Yeaple (2008), "[Globalization and the Size Distribution of Multi-Product Firms](#)," mimeo.
- Eckel, C. and P. Neary (2010) "[Multi-Product Firms and Flexible Manufacturing in the Global Economy](#)," RES.

Lectures 13&14: Monopolistic Competition with Firm-Level Heterogeneity (Empirics)

Essential:

- Tybout, J. (2002), "[Plant- and Firm-Level Evidence on "New" Trade Theories](#)," in *Handbook of International Trade, Volume I*, Choi and Harrigan eds.
- Bernard, A., Jensen, Redding and Schott (2007), "[Firms in International Trade](#)," *JEP*.
- Trefler (2004), "[The Long and Short of the Canada-U.S. Free Trade Agreement](#)," *AER*.
- Helpman, Melitz and Rubinstein, "[Estimating Trade Flows: Trading Partners and Trading Volumes](#)," *QJE*, No. 493, May 2008, pp. 441-487.
- Chaney, T. (2008), "[Distorted Gravity: The Intensive and Extensive Margins of International Trade](#)," *AER*.

- Bernard, A., S. Redding, and Schott (2009), "[Multi-Product Firms and Trade Liberalization](#)," working paper.

Recommended:

- Pavcnik, Nina (2002), "[Trade Liberalization, Exit, and Productivity Improvements: Evidence from Chilean Plants](#)," *Review of Economic Studies*, Vol. 69, No. 1, pp. 245-276.
- Eaton, Kortum and Kramarz (2008), "[An Anatomy of International Trade: Evidence from French Firms](#)", NBER working paper 14610.
- Bernard, Eaton, Jensen and Kortum (2003), "[Plants and Productivity in International Trade](#)," *AER*.
- Roberts and Tybout (1997), "[The Decision to Export in Colombia: An Empirical Model of Entry with Sunk Costs](#)," *AER*.
- Bernard and Jensen (1999), "[Exceptional exporter performance: cause, effect, or both?](#)" *JIE*.

Lecture 15: Gravity Models (Theory)

Essential:

- Arkolakis, C., A. Costinot, and A. Rodriguez-Clare (2009), "[New Trade Models, Same Old Gains?](#)" NBER.

Recommended:

- Alvarez, F. and R. Lucas (2007), "[General Equilibrium Analysis of the Eaton-Kortum Model of International Trade](#)," JME.
- Anderson, James E. and E. van Wincoop (2003), "[Gravity with gravitas; a solution to the border puzzle](#)," *AER*.
- Atkeson, A. and A. Burstein (2009), "[Innovation, Firm Dynamics, and International Trade](#)," mimeo.
- Bernard, A., J. Eaton, B. Jensen, and S. Kortum (2003), "[Plants and Productivity in International Trade](#)," *AER*.
- Burstein, A. and J. Vogel (2009), "[Globalization, Technology, and the Skill Premium](#)," mimeo.
- Deardorff, A. (1998), "[Determinants of Bilateral Trade: Does Gravity Work in a Neoclassic World?](#)" NBER.
- Eaton, J. and S. Kortum, "[Technology, geography and trade](#)," *Econometrica*, Vol. 70, No. 5 (Sep., 2002), pp. 1741-1778.
- Fieler, C. (2010), "[Non-Homotheticity and Bilateral Trade: Evidence and a Quantitative Explanation](#)," mimeo.
- Ramondo, N. and A. Rodriguez-Clare (2009), "[Trade, Multinational Production, and the Gains from Openness](#)," mimeo.

Lecture 16: Gravity Models and the Gravity Equation (Empirics)*Essential:*

- Anderson, James E. and E. van Wincoop (2004), "[Trade Costs](#)," *JEL*, Vol. 42, No. 3, pp. 691-751.
- Hummels, David (2007), "[Transportation Costs and International Trade in the Second Era of Globalization](#)," *JEP*, Vol. 21, No. 3, pp. 131-154.
- Donaldson, D.J. (2010), "[Railroads of the Raj: Estimating the Impact of Transportation Infrastructure](#)," working paper.
-
- *Recommended (Gravity Equation Estimation):*
- Anderson, James E. and E. van Wincoop (2003), "[Gravity with Gravititas: A Solution to the Border Puzzle](#)", *JEL*.
- Rauch, James E. (1999), "[Networks versus Markets in International Trade](#)," *JIE*.
- Hilberry, Russell and David Hummels (2008), "[Trade Responses to Geographic Frictions: A Decomposition Using MicroData](#)," *European Economic Review*, 52, pp. 527-550.

Recommended (Other work on estimating trade costs):

- Fackler and Goodwin, "[Spatial price analysis](#)," in *Handbook of Agricultural Economics*, 2001, Gardner and Raussler, eds., pp. 971-1024.
- Engel and Rogers (1996), "[How Wide is the Border?](#)," *AER*.
- Goldberg and Verboven (2005), "[Market Integration and Convergence to the Law of One Price: Evidence from the European Car Market](#)," *JIE*.
- Greif (2006), *[Institutions and the path to the modern economy: lessons from medieval trade](#)*, Cambridge.
- Obstfeld and Rogoff (2000), "[The Six Major Puzzles in International Macroeconomics: Is There a Common Cause?](#)," in *NBER Macroeconomics Annual*.
- Fafchamps (2004), *Market Institutions in Sub-Saharan Africa: Theory and Evidence*, MIT Press.

Section III: Miscellaneous Topics in Trade**Lecture 17: Trade and Growth (Theory)***Recommended:*

- D. Acemoglu, *Introduction to Modern Economic Growth*, Chapter 19
- D. Acemoglu and J. Ventura (2002), "[The World Income Distribution](#)," QJE
- P. Antràs (2005), "[Incomplete Contracts and the Product Cycle](#)," AER
- G. Grossman and E. Helpman (1995), "[Technology and Trade](#)," in GR
- GH Chapter 11
- J. Ventura, "[Growth and Interdependence](#)," QJE
- A. Young, (1991), "[Learning-by-doing and Dynamic Effects on International Trade](#)," QJE

Lecture 18: Trade and Growth (Empirics)

Recommended (General):

- Tybout, WBER 1992
- F., Chapter 10

Recommended (Knowledge Diffusion):

- Keller (2002), "[Geographic Localization of International Technology Diffusion](#)," *AER*
- Keller (2004), "[International Technology Diffusion](#)," *JEL*
- Coe, Helpman and Hoffmaister (1997), "[North-South R&D Spillovers](#)," *Economic Journal*

Recommended (Market Size and Innovation):

- Bustos (2010), "[Trade Liberalization, Exports and Technology Upgrading: Evidence on the Impact of MERCOSUR on Argentinian Firms](#)," forthcoming in *AER*
- Acemoglu and Linn (2004), "[Market Size In Innovation: Theory And Evidence From The Pharmaceutical Industry](#)," *QJE*.
- Bloom, Draca and van Reenen (2007), "[Trade-Induced Technological Change: The Impact of Chinese Imports on Innovation, Diffusion and Productivity](#)," Stanford working paper.

Recommended (Learning and Infant Industry Protection):

- Irwin and Klenow (1994), "[Learning by Doing Spillovers in the Semiconductor Industry](#)," *JPE*.
- Clerides, Lach and Tybout (1998), "[Is Learning by Exporting Important? Micro-dynamic Evidence from Columbia, Mexico and Morocco](#)," *QJE*.
- Irwin (2008), "[Did Late-Nineteenth-Century U S. Tarriffs Promote Infant Industries? Evidence From the Tinplate Industry](#)," *Journal of Economic History*.

Recommended (Institutional Change):

- Acemoglu, Johnson and Robinson (2005), "[The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth](#)," *AER*.
- Levchenko (2008), "[Institutional Quality and International Trade](#)," *Review of Economic Studies*.
- Trefler and Puga (2009), "International Trade and Institutional Change: A Death in Venice," Toronto working paper.

Recommended (Importing Capital Goods and Intermediate Inputs):

- Eaton and Kortum (2001), "[Trade in Capital Goods](#)," *European Economic Review*
- Hsieh and Klenow (2007), "[Relative Prices and Relative Prosperity](#)," *AER*.
- Broda, Greenfield, and Weinstein (2006), "[From Groundnuts to Globalization: A Structural Estimate of Trade and Growth](#)," NBER working paper 12512.

Recommended (Convergence and Technological Change):

- Acemoglu and Ventura (2002), "[The World Income Distribution](#)," *QJE*.
- Ben-David (1993), "[Equalizing Exchange: Trade Liberalization and Income Convergence](#)," *QJE*.

Lecture 19: Trade and Labor Markets (Theory)*Essential:*

- Costinot and Vogel (2010), "Matching and Inequality in the World Economy," *JPE*

- F. Ohnsorge and D. Trefler (2007), "[Sorting It Out: International Trade with Heterogeneous Workers](#)," *JPE*.

Recommended:

- Davidson, C., Martin, L., Mand S. Matusz (1999), "[Trade and search generated unemployment](#)," *JIE*.
- G. Grossman (2004), "[The Distribution of Talent and the Pattern and Consequences of International Trade](#)," *JPE*.
- G. Grossman and G. Maggi. (2000), "[Diversity and Trade](#)," *AER*.
- Helpman, E., O. Itskhoki, and S. Redding. 2009. "[Inequality and Unemployment in a Global Economy](#)," mimeo.
- Artuc, E., McLaren, J., Chaudhuri, S., "[Trade Shocks and Labor Adjustment: A Structural Empirical Approach](#)," *NBER*
- F. Ohnsorge and D. Trefler (2007), "[Sorting It Out: International Trade with Heterogeneous Workers](#)," *JPE*.
- S. Yeaple (2004), "[A Simple Model of Firm Heterogeneity, International Trade, and Wages](#)," *JIE*.

Lecture 20: Trade and Labor Markets (Empirics)

Recommended (General):

- Goldberg and Pavcnik (2007), "[Distributional Effects of Globalization in Developing Countries](#)," *JEL*.
- McCulloch and Winters (2004), "[Trade Liberalization and Poverty: The Evidence so Far](#)," *JEL*.

Recommended (Survey Articles):

- Feenstra and Hanson (2003), "Global Production Sharing and Rising Wage Inequality: A Survey of Trade and Wages," in *Handbook of International Trade, Volume 1*, Choi and Harrigan eds. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=276002
- Feenstra grad textbook, chapter 4
- Goldberg and Pavcnik (2007), "Distributional Effects of Globalization in Developing Countries," *JEL* <http://www.ingentaconnect.com/content/aea/jel/2007/00000045/00000001/art00002>
- Feenstra (2008), *Ohlin lectures* http://www.econ.ucdavis.edu/faculty/fzfeens/pdf/Feenstra_Ohlin_Lecture_2008.pdf
- Harrison, McLaren, and McMillan (for 2011 Annual Review of Econ). <http://people.virginia.edu/~jem6x/w16425.pdf>
- McCulloch and Winters (2004), "Trade Liberalization and Poverty: The Evidence so Far," *JEL*
- Freeman (1995), "Are your wages set in Beijing?" *JEP* <http://www.jstor.org/pss/2138423>
- Wood, Adrian (1995), *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World*, OUP.
- Feenstra, ed (2000), *The Impact of International Trade on Wages* <http://www.nber.org/books/feen00-1>

Recommended (Stolper-Samuelson Effects):

- Feenstra and Hanson (2003), "Global Production Sharing and Rising Wage Inequality: A Survey of Trade and Wages," in *Handbook of International Trade Vol. I*, Choi and Harrigan, eds.
- F., chapter 4.
- Michaels (2008), "[The Effect of Trade on the Demand for Skill: Evidence from the Interstate Highway System](#)," *Review of Economics and Statistics*.
- Trefler and Zhu (2005), "[Trade and inequality in developing countries: a general equilibrium analysis](#)," *JIE*.
- Harrigan (2000), "International Trade and American Wages in General Equilibrium, 1967-1995," in Feenstra (ed), *The Impact of International Trade on Wages* <http://www.nber.org/books/feen00-1>
- Porto (2006), "Using survey data to assess the distributional effects of trade policy" <http://dx.doi.org/10.1016/j.jinteco.2005.09.003>
- Slaughter (2000), "What Are the Results of Product-Price Studies and What Can We Learn from Their Differences?," in Feenstra (ed) *The Impact of International Trade on Wages* <http://www.nber.org/books/feen00-1>
- Davis and Misra (2007), "Stolper-Samuelson is Dead, and Other Crimes of Both Theory and Data," in *Globalization and Poverty*, Harrison ed., NBER.
- Robertson (2004), "Relative Prices and Wage Inequality: Evidence from Mexico," *JIE*
- Leamer (2000), "Foreigners and Robots: Assistants of Some, Competitors of Others," in *Social Dimensions of US Trade Policy*, Deardorff and Stern, eds.
- Leamer (1996), "In Search of Stolper-Samuelson Effects on U.S. Wages," NBER working paper 5427, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=225486
- Leamer (2007), "A Flat World, a Level Playing Field, a Small World After All, or None of the Above? A Review of Thomas L. Friedman's *The World is Flat*" , *JEL*, <http://www.ingentaconnect.com/content/aea/jel/2007/00000045/00000001/art00003>
- Leamer (2009), "The Heckscher-Ohlin Framework and the Craft of Economics," <http://www.nber.org/confer/2009/ITIf09/Leamer.pdf>
- Berman, Bound and Grilliches (1994), "Changes in the Demand for Skilled Labor within U.S. Manufacturing: Evidence from the Annual Survey of Manufacturers," *QJE* <http://www.jstor.org/pss/2118467>
- Berman, Bound and Machin (1998), "Implications of Skill-Biased Technological Change: International Evidence," *QJE*, <http://www.mitpressjournals.org/doi/abs/10.1162/003355398555892>
- Behrens, Mion, Murata and Sudekum (2008), "Trade, Wages and Productivity," working paper, <http://ideas.repec.org/p/lvl/lacicr/0826.html>

Recommended (Factor Content Approaches):

- JIE special jubilee issue (2000)

Recommended ('Differential Exposure' Approaches):

- Hakobayn and McLaren (2010), "Looking for Local Market Effects of NAFTA" <http://people.virginia.edu/~jem6x/mclaren%20hakobyan%20nafta%201104.pdf>

- Topalova, Petia. 2010. "Factor Immobility and Regional Impacts of Trade Liberalization: Evidence on Poverty from India." *American Economic Journal: Applied Economics*, 2(4): 1–41, <http://www.aeaweb.org/articles.php?doi=10.1257/app.2.4.1>
- Kovak, B (2010), "Regional Labor Market Effects of Trade Policy: Evidence from Brazilian Liberalization," CMU working paper, http://www.andrew.cmu.edu/user/bkovak/kovak_brazil.pdf
- Revenga (1992), "Exporting Jobs?: The Impact of Import Competition on Employment and Wages in U.S. Manufacturing," *QJE*, <http://www.jstor.org/pss/2118329>
- Treffer (2004), "The Long and Short of the Canada-US Free Trade Agreement," *AER* <http://www.ingentaconnect.com/content/aea/aer/2004/00000094/00000004/art00004>

Recommended (Dynamic Approaches):

- Artuc, Chaudhuri, and McLaren (2010), "Trade Shocks and Labor Adjustment: A Structural Empirical Approach," *AER* <http://www.ingentaconnect.com/content/aea/aer/2010/00000100/00000003/art00013>
- Dix-Carneiro (2010), "Trade Liberalization and Labor Market Dynamics," working paper <https://sites.google.com/site/rafaeldixcarneiro/TradeLiberalizationAndDynamics.pdf?attredirects=0>
- Cosar (2010), "Adjusting to Trade Liberalization: Reallocation and Labor Market Policies," working paper, http://faculty.chicagobooth.edu/kerem.cosar/research/Cosar_HC_Trade_Transition.pdf
- Cosar, Guner and Tybout (2010), "Firm Dynamics, Job Turnover, and Wage Distributions in an Open Economy," NBER working paper 16326

Recommend (Assorted Firm-Level Studies):

- Bernard and Jensen (1997). "Exporters, Skill Upgrading, and the Wage Gap." *JIE* 42, pp. 3-31.
- Verhoogen (2008), "Trade, Quality Upgrading, and Wage Inequality in the Mexican Manufacturing Sector," *QJE*, <http://www.mitpressjournals.org/doi/abs/10.1162/qjec.2008.123.2.489>
- Bloom, Draca and van Reenen (2009), "Trade-Induced Technical Change?," working paper, <http://www.stanford.edu/~nbloom/TITC.pdf>
- Menezes-Filho and Muendler (2007), "Labor reallocation in response to trade reform," working paper, <http://www.econ.ucsd.edu/muendler/papers/brazrloc.pdf>
- Amiti and Davis (2008), "Trade, Firms, and Wages: Theory and Evidence," working paper, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1149352
- Frias, Kaplan and Verhoogen (2009), "Exports and Wage Premia: Evidence from Mexican Employer-Employee Data," working paper, <http://www.columbia.edu/~ev2124/research/FriasKaplan&VerhoogenAug2009.pdf>
- Bustos (2007), "The Impact of Trade on Technology and Skill Upgrading: Evidence from Argentina," CREI working paper.

Recommended (Immigration and Changes in Factor Supply):

- Card (2009), "Immigration and Inequality," Ely Lecture, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1335708

- Acemoglu, Autor and Lyle (2004), "Women, War, and Wages: The Effect of Female Labor Supply on the Wage Structure at Midcentury," *JPE*, <http://www.jstor.org/pss/10.1086/383100>
- Cortes (2008), "[The Effect of Low Skilled Immigration on U.S. Prices: Evidence from CPI Data](#)," *JPE*, Vol. 116, No. 3 (June 2008), pp. 381-422
- Lewis (2010), "Immigration, Skill-Mix and Capital-Skill Complementarity," *QJE* forthcoming, <http://www.dartmouth.edu/~ethang/Lewis2010-web.pdf>
- Gandal, Hanson and Slaughter (2004), "Technology, Trade and Adjustment to Immigration in Israel," *EER*, [http://dx.doi.org/10.1016/S0014-2921\(02\)00265-9](http://dx.doi.org/10.1016/S0014-2921(02)00265-9)
- Trefler (1998), "Immigrants and Natives in General Equilibrium Trade Models," working paper http://www.rotman.utoronto.ca/~Dtrefler/papers/Trefler_NAS_1998.pdf

Lecture 21: Offshoring and Fragmentation of Production (Theory)

Recommended:

- Antràs, P., L. Garicano and E. Rossi-Hansberg. 2006. "[Offshoring in a Knowledge Economy](#)," *QJE*.
- P. Antras and E. Rossi-Hansberg, "[Organizations and Trade](#)," *AER*, pp. 46-53
- Burstein A. and A. Monge. 2009. "[Foreign Know-How, Firm Control, and the Income of Developing Countries](#)," *QJE*.
- Grossman G. and E. Rossi-Hansberg, "[Trading Tasks: A Simple Theory of Offshoring](#)," *AER*.
- Grossman G. and E. Rossi-Hansberg, "[Task Trade between Similar Countries](#)," mimeo
- Rodriguez-Clare, A. 2009. "[Offshoring in a Ricardian World](#)," *American Economic Journal: Macroeconomics*.
- Yi, K. 2003. "[Can Vertical Specialization Explain the Growth of World Trade?](#)" *JPE*.

Lecture 22: Offshoring and Fragmentation of Production (Empirics)

Recommended (Offshoring of Tasks and Services):

- Hummels, Jorgensen, Munch and Xiang (2009), "[The Wage and Employment Effects of Outsourcing: Evidence from Danish Matched Worker Firm Data](#)," working paper.
- Amiti and Wei (2006), "[Service Offshoring, Productivity and Employment: Evidence from the US](#)," CEPR working paper.
- Jensen and Kletzer (2007), "[Measuring Tradable Services and the Task Content of Offshorable Services Jobs](#)," UCSC working paper.
- Liu and Trefler (2008), "Much Ado About Nothing: American Jobs and the Rise of Service Outsourcing to China and India," NBER working paper, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1142233
- Feenstra and Hanson (1999), "The Impact of Outsourcing and High-Technology Capital on Wages: Estimates For The United States, 1979–1990," *QJE*, <http://www.mitpressjournals.org/doi/abs/10.1162/003355399556179>
- Hsieh and Woo (2005), "The Impact of Outsourcing to China on Hong Kong's Labor Market," *AER*, <http://www.jstor.org/pss/4132771>

- Ebeinstein, Harrison, McMillan and Phillips (2009), "[Estimating the Impact of Trade and Offshoring on American Workers Using the Current Population Surveys](#)," NBER Working Paper 15107.
- Autor and Handel (2009), "Putting Tasks to the Test: Human Capital, Job Tasks and Wages," NBER working paper 15116
- Hummels, Jorgensen
- Hummels, Jorgensen, Munch and Xiang (2009), "The Wage and Employment Effects of

Outsourcing: Evidence from Danish Matched Worker-Firm Data," working paper

- Alan Blinder, "Alternative Measures of Offshorability: A Survey Approach" (with Alan Krueger)
- Blinder (2007), "How Many U.S. Jobs Might Be Offshorable?," Princeton working paper
- Jensen and Kletzer (2007), "Measuring Tradable Services and the Task Content of Offshorable Services Jobs," UCSC working paper
- Amiti and Wei (2006), "Service Offshoring, Productivity and Employment: Evidence from the US," CEPR working paper
- Becker, Ekholm and Muendler (2009), "Offshoring and the onshore composition of tasks and skills," UCSD working paper

Recommended (Fragmentation):

- Yi (2003), "[Can Vertical Specialization Explain the Growth of World Trade?](#)" *JPE*.
- Yi (2009), "[Vertical Specialization and the Border Effect Puzzle](#)," *AER*.
- Johnson and Noguera (2009), "[Accounting for Intermediates: Production Sharing and Trade in Value Added](#)."

Lecture 23: Organization of Multinational Firms (Theory)

Recommended:

- P. Antràs (2003), "[Firms, Contracts, and Trade Structure](#)," *QJE*, 1375-1418.
- P. Antràs and E. Helpman (2004), "[Global Sourcing](#)," *JPE*, 552-580.
- P. Antras and E. Rossi-Hansberg, "[Organizations and Trade](#)," *AER*, pp. 46-53.
- G. Grossman and E. Helpman (2002), "[Integration vs. Outsourcing in Industry Equilibrium](#)," *QJE*.
- E. Helpman (2006), "[Trade, FDI and the organization of firms](#)," *JEL*.
- J. McLaren (2000), "[Globalization and Vertical Structure](#)," *AER*.

Horizontal and Vertical Multinationals (not covered in class):

- F pp. 371-390
- E. Helpman, (1984.), "[A Simple Theory of International Trade and Multinational Corporations](#)," *JPE*
- E. Helpman, M. Melitz, and S. Yeaple (2004), "[Exports versus FDI with Heterogeneous Firms](#)," *AER*

- J. Markusen and A. Venables (2000), "[The Theory of Endowment, Intra-industry and Multi-national Trade](#)," JIE.

Lecture 24: Organization of Multinational Firms (Empirics)

Recommended (Organization of Multinationals):

- Feenstra textbook, Chapter 11
- Carr, Markusen, and Maskus (2001), "[Estimating the Knowledge-Capital Model of the Multinational Enterprise](#)," AER
- Brainard (1997), "[An Empirical Assessment of the Proximity-Concentration Trade-off Between Multinational Sales and Trade](#)," AER
- P. Antràs (2003), "[Firms, Contracts, and Trade Structure](#)," QJE
- Markusen and Maskus (2003), "[General Equilibrium Approaches to the Multinational Firm: A Review of Theory and Evidence](#)," in Handbook of International Trade, Choi and Harrigan eds.
- Helpman, Melitz and Yeaple (2004), "[Export versus FDI with Heterogeneous Firms](#)," AER

Recommended (Effects of Multinationals):

- Aitken and Harrison (1999), "[Do Domestic Firms Benefit from Direct Foreign Investment? Evidence from Venezuela](#)," AER
- Greenstone, Hornbeck and Moretti (2009), "[Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings](#)," forthcoming in *JPE*
- Burstein and Monge-Naranjano (2009), "[Foreign Know-How, Firm Control, and the Income of Developing Countries](#)," *QJE*
- Becker and Muendler (2009), "[Margins of multinational labor substitution](#)," forthcoming in *AER*

Lecture 25: Political Economy of Trade Policy and the WTO (Theory)

Essential (Political Economy of Trade Policy):

- HKb, chapter 2
- G. Grossman and E. Helpman (1994), "[Protection for sale](#)," AER

Recommended (Political Economy of Trade Policy):

- A Dixit (1985), "[Tax policy in open economies](#)," in A. Auerbach and M. Feldstein (eds.), Handbook of Public Economics
- H.G. Johnson (1953), "[Optimum tariffs and retaliation](#)," RES
- D. Rodrik (1995), "[The political economy of trade policy](#)," in GR

Essential (Trade Agreements and WTO):

- BS chapter 2

Recommended (Trade Agreements and WTO):

- K. Bagwell and R.W. Staiger (1999), "[An Economic Theory of GATT](#)," AER

- G. Grossman and E. Helpman (1995), "[Trade wars and trade talks](#)," JPE
- G. Maggi and A. Rodríguez-Clare (1998), "[The Value of Trade Agreements in the Presence of Political Pressures](#)," JPE
- H. Horn, G. Maggi, and R. Staiger (2009), "[Trade Agreements as Endogenously Incomplete Contracts](#)," AER (forthcoming)
- Ossa, R. (2009), "[A “New” Trade Theory of GATT/WTO Negotiations](#)," mimeo

Strategic Trade Policy (Not Covered in Class):

- J. Brander (1995), "[Strategic trade policy](#)," in G. Grossman and K. Rogoff, Handbook of International Economics, vol.3, North Holland
- J. Brander and B. Spencer (1985), "[Export subsidies and international market share rivalry](#)," JIE
- J. Eaton and G. Grossman (1986), "[Optimal trade policy under oligopoly](#)," QJE
- HKb, chapters 3,4,5,6,8
- G. Maggi (1996), "[Strategic Trade Policies with Endogenous Mode of Competition](#)," AER

Lecture 26: Political Economy of Trade Policy and the WTO (Empirics)

Recommended (Political Economy of Trade Policy):

- Goldberg and Maggi (1999), "[Protection for Sale: An Empirical Investigation](#)," AER
- Gawande and Krishna (2003), "The Political Economy of Trade Policy: Empirical Approaches," in *Handbook of International Trade vol I*, Choi and Harrigan eds.
- Trefler (1993), "[Trade Liberalization and the Theory of Endogenous Protection: An Econometric Study of US Import Policy](#)," JPE

Recommended (Evidence on the role of the WTO and Trade Agreements):

- [Broda, Limao and Weinstein \(2009\)](#)
- Limao (2006), "[Preferential Trade Agreements as Stumbling Blocks for Multilateral Trade Liberalization: Evidence for the United States](#)," AER
- Rose (2004), "[Do We Really Know that the WTO Increases Trade?](#)" AER

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14.581 International Economics I
Spring 2011

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