

BOSTON COLLEGE
Department of Economics

EC 871: International Trade (TTh 1:30)
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Syllabus: Fall 2008

Textbooks:

There is one required text which will be useful throughout the course. This book has been ordered by BC bookstore:

Feenstra, Robert. Advanced International Trade, Princeton University Press, 2004

I will also refer to a number of other texts at various points. These are older texts, and are on reserve in the library:

Dixit, Avinash, and Victor Norman (DN). Theory of International Trade, Cambridge University Press, 1980

Helpman, Elhanan, and Paul Krugman. Market Structure and Foreign Trade, MIT Press, 1985.

Helpman, Elhanan. The Mystery of Economic Growth, Harvard University Press, 2004.

Readings:

I Sources of Comparative Advantage: Theory and Evidence

(A) Technology Differences: Ricardian Theory

*Feenstra pp. 1-4, Dixit & Norman, pp. 1-8

*Dornbusch, R., S. Fischer and P.A. Samuelson (1977), "Comparative Advantage, Trade, and Payments in a Ricardian Model with a Continuum of Goods," *American Economic Review* 67: 823-39.

*Eaton, J. and S. Kortum (2002), "Technology, Geography, and Trade," *Econometrica*, 70 (5):1741-1779.

*Costinot, A. and I. Komunjer (2007) "What Goods do Countries Trade? New

Ricardian Predictions," working paper.

(B) Factor Intensity: Heckscher-Ohlin Theory

- * Feenstra Chapters 1-3, Helpman & Krugman Chapter 1.
- * Trefler, D. (1993), "International Factor Price Differences: Leontief Was Right!", *Journal of political Economy* 101: 961-87.
- * Trefler, D. (1995), "The Case of Missing Trade and Other Mysteries", *American Economic Review* 85:1029-46.
- * Davis, D.R. and D.E. Weinstein (2001), "An Account of Global Factor Trade", *American Economic Review* 91: 1423-53.
- * Schott, P.K (2003), "One Size Fits All? Heckscher-Ohlin Specialization in Global Production," *American Economic Review* 93: 686-708.

(C) General Characteristics of Trade, Gains from Trade

- * Feenstra, pp. 179-183, 56-60.
- * Deardorff, A. (1980), "The General Validity of the Law of Comparative Advantage," *Journal of Political Economy* 88(5): 941-57.
- * Bernhofen, D.M. and J.C. Brown (2004), "A Direct Test of the Theory of Comparative Advantage: The Case of Japan," *Journal of Political Economy* 112(1): 48-67.
- * Bernhofen, D.M. and J.C. Brown (2005), "An Empirical Assessment of the Comparative Advantage Gains from Trade: Evidence from Japan," *American Economic Review* 95(1): 208-225.

II Increasing Returns: Theory and Evidence

- * Feenstra, Chapter 5, Helpman & Krugman Chapter 6-8.
- * Antweiler, W. and D. Trefler (2002), "Increasing Returns and All That: A View from Trade," *American Economic Review* 92: 93-119.
- * Romalis, J. (2004), "Factor Proportions and the Structure of Commodity Trade," *American Economic Review* 94: 67-97.
- * Broda, C. and D.E. Weinstein (2006), "Globalization and the Gains from

Variety," *Quarterly Journal of Economics* 131(2): 541-85.

III Trade Costs

* Feenstra, Chapter 5.

* Anderson, J. and E. van Wincoop (2003), "Gravity with Gravitas: A Solution to the Border Puzzle," *American Economic Review* 93: 170-92.

* Anderson, J. and E. van Wincoop (2004), "Trade Costs" *Journal of Economic Literature* 42(3): 691-751.

* Nunn, N. (2007), "Relationship-Specificity, Incomplete Contracts, and the Pattern of Trade," *Quarterly Journal of Economics* 132(2): 569-600.

IV The Role of the Firm

* Feenstra, Chapter 11.

* Melitz, M.J. (2003), "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity," *Econometrica* 71: 1695-1725.

* Bernard, A.B., J.B. Jensen, S.J. Redding and P.K. Schott (2007), "Firms in International Trade," *Journal of Economic Perspectives* 21(3): 105-30.

* Antràs, P. and E. Rossi-Hansberg (2008), "Organizations and Trade", Working Paper.

* Helpman, E., M.J. Melitz and S.R. Yeaple, "Export versus FDI with Heterogeneous Firms," *American Economic Review*, 2004, 300-316.

* Antràs, P. and E. Helpman, "Global Sourcing," *Journal of Political Economy* 112(3), 2004, 552-580.

* Bernard, A.B., S. Redding and P. Schott, "Comparative Advantage and Heterogeneous Firms," *Review of Economic Studies*, January 2007, 74 (1), 31-66.

V Trade and Growth

* Feenstra, Chapter 10.

* Helpman, E. (2004) , Chapter 5.

* Frankel, J.A. and Romer, D. (1999), "Does Trade Cause Growth?" *American Economic Review* 89(3): 379-399.