

ECON 8481-International Trade
University of Minnesota, Spring, 2002 Session 1
Fridays 2:00-5:30, BlegH 115

Instructor: Sam Kortum
Phone: (612) 625-0767

Office: 919 Heller Hall
Office Hours: Tuesday, 1:00-3:00

Description This course will cover theoretical and empirical work on international trade.

Grading There will be problem sets (50 % of the grade) and a take-home final exam (50 %).

Readings The list of readings follow. The readings are generally available from JSTOR, my web site, or the course web site.

Topics I have organized the readings by week.

1. **(1/25) The Ricardian Model**

- Chipman, J.S. (1965): “A Survey of the Theory of International Trade: Part 1, The Classical Theory,” *Econometrica* 33: 477-519.
- Eaton, J. and S. Kortum (2001): “Trade in Capital Goods,” *European Economic Review* 45: 1195-1235.

2. **(2/1) Continuum Model**

- 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.
- Yi, K. (2001): “Can Vertical Specialization Explain the Growth of World Trade?” mimeo, Federal Reserve Bank of New York. (class web site)

3. **(2/8) Probabilistic Formulation**

- Eaton, J. and S. Kortum (2002): “Technology, Geography, and Trade,” *Econometrica*, forthcoming. (my web site)

4. **(2/15) The Monopolistic Competition Model**

- Dixit A.K. and J.E. Stiglitz (1977): “Monopolistic Competition and Optimum Product Diversity,” *American Economic Review*, 67: 297-308.
 - Krugman, P.R. (1980): “Scale Economies, Product Differentiation, and the Pattern of Trade,” *American Economic Review*, 70: 950-959.
 - Redding, S. and A. Venables (2001): “Economic Geography and International Inequality,” mimeo, London School of Economics. (<http://econ.lse.ac.uk/~sredding/>)
5. **(2/22) Factor Endowments: Theory**
- Dixit A.K. and V. Norman (1980): Chapters 2 and 4 in *The Theory of International Trade*, Cambridge.
 - Chipman, J.S. (1965): “A Survey of the Theory of International Trade: Part 3, The Modern Theory,” *Econometrica* 34: 18-76.
6. **(3/1) Factor Endowments: Empirics**
- Harrigan, J. (1997): “Technology, Factor Supplies, and International Specialization,” *American Economic Review*, 87: 475-494.
 - Treffer, D. (1995), “The Case of the Missing Trade and Other Mysteries,” *American Economic Review*, 85: 1029-1046.
 - Davis, D.R. and D.E. Weinstein (2001), “An Account of Global Factor Trade,” *American Economic Review*, 91: 1423-1453.
7. **(3/8) Trade and Individual Producers**
- Clerides, S., S. Lach, and J.R. Tybout (1998): “Is Learning by Exporting Important? Micro-Dynamic Evidence from Colombia, Mexico, and Morocco,” *Quarterly Journal of Economics*, 113: 903-947.
 - Bernard A.B., J. Eaton, J.B. Jensen, and S. Kortum (2000): “Plants and Productivity in International Trade,” mimeo, University of Minnesota. (my web site)
 - Melitz, M. (1999): “The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity,” mimeo, Harvard University. (EC8602 web site)
8. **(3/15) New Dimensions of Trade Data**

- Eaton, J., S. Kortum, and F. Kramarz (2001): “An Anatomy of International Trade: Evidence from French Firms,” mimeo, University of Minnesota. (my web site)
- Hummels, D. and P. Klenow (2002): “The Variety and Quality of a Nation’s Trade,” *NBER Working Paper, No. 8712*. (class web site)