

14I025

3 ECTS

## Firms, Technology and Trade Policy

### Overview and Objectives

This is an advanced course in international trade which builds on the material covered in “International Trade” by Prof. Jaume Ventura. The goal is to use the tools of trade theory to understand recent developments in the global economy. The course will focus on selected topics of high importance such as the role of national and multinational firms in the world trading system, the causes and consequences of offshoring of production to low-wage countries, and the effects and determinants of trade policy.

### Course Outline

For all topics, lecture notes are the main reading. The current syllabus is preliminary.

#### **PART I (Gino Gancia)**

##### **1. Trade, Exporters and Multinational Firms**

Bernard, A., B. Jensen, S. Redding and P. Schott. (2007) “Firms in International Trade,” *Journal of Economic Perspectives* 21(3), 105–130.

Melitz, M. (2003) “The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity,” *Econometrica* 71(6), 1695-1725.

Melitz M. and S. Redding (2014) “Heterogeneous Firms and Trade” in *Handbook of International Economics*, G.Gopinath, E.Helpman and K.Rogoff eds.

Helpman E., M. Melitz and S. Yeaple (2004) “Export versus FDI with Heterogeneous Firms” *American Economic Review* 94, 300-316.

Antras, P. (2005). “Incomplete Contracts and the Product Cycle,” *American Economic Review*, 95, 1054-1073

Helpman E. (2006) “Trade, FDI and the Organization of Firms” *Journal of Economic Literature* 44, 589-630.

14I025

3 ECTS

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### 2. Offshoring

Blinder A. (2006). "Offshoring: The Next Industrial Revolution?" *Foreign Affairs*, March/April pp. 113–128

Rodriguez-Clare A. (2010). "Offshoring in a Ricardian World," *American Economic Journal: Macro* 2, 227–58

Acemoglu, D., G. Gancia and F. Zilibotti (2014). "Offshoring and Directed Technical Change" forthcoming, *American Economic Journal: Macroeconomics*

Costinot, Arnaud, Jonathan Vogel, and Su Wang (2013). "An Elementary Theory of Global Supply Chains," *Review of Economic Studies*, 80, 109-144

### 3. Trade, Offshoring and Wages

Epifani P. and G. Gancia (2008). "The Skill Bias of World Trade," *Economic Journal*, 118, 927-960

Grossman G. and E. Rossi-Hansberg (2008). "Trading Tasks: a Simple Theory of Offshoring," *American Economic Review*, 98:5, 1978–1997

Feenstra R. and G. Hanson (1999). "The Impact of Outsourcing and High-Technology Capital on Wages," *Quarterly Journal of Economics* 114, 907-40

Helpman H., O. Itskhoki and S. Redding (2010). "Inequality and Unemployment in a Global Economy" *Econometrica*, 78 (4). pp. 1239-1283

Davis, D. (1998) "Does European Unemployment Prop Up American Wages? National Labor Markets and Global Trade," *American Economic Review*, 88, pp. 478-94

14I025

3 ECTS

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### **PART II (Giacomo Ponzetto)**

#### **4. The Basic Theory of Trade Policy**

#### **5. The Political Economy of Trade Policy**

Grossman, G. M., and E. Helpman (1994). "Protection For Sale." *American Economic Review* 84(4): 833-850.

Goldberg, P. Koujianou, and G. Maggi (1999). "Protection for Sale: An Empirical Investigation." *American Economic Review* 89(5): 1135-1155.

Dutt, P., and D. Mitra (2002). "Endogenous Trade Policy through Majority Voting: An Empirical Investigation." *Journal of International Economics* 58(1): 107-133.

Ponzetto, G. A. M. (2011). "Heterogeneous Information and Trade Policy." CEPR Discussion Paper 8726.

#### **6. Trade Agreements and the WTO**

Bagwell, K. and R. Staiger (1999). "An Economic Theory of GATT," *American Economic Review*, 89, 215-248.

### **Required Activities**

Problem Sets

### **Evaluation**

Students will be evaluated through a written exam at the end of the course.