Course Outline

Overview
This is the department’s international trade topics course. In contrast to the introductory trade course that typically provides an overview, some perspective on how the field has evolved, and an emphasis on theory, this particular course covers a limited number of topics of current research interest and a roughly equal mix between theory and empirics.

A main objective of this class is to help you identify and get started on your own research. To this end, the course will involve students, especially through class presentations.

Course Requirements
Classes will consist of lectures by myself, of student presentations, and discussion. For each class meeting, you should read carefully one paper, which is indicated in bold type on the reading list. Roughly from the third week of class on, there will be student presentations in class. The respective papers are labeled “Student’s presentation”; these are the papers that everyone should read carefully for each class.

Your grade will be computed based on the following:

1. **35 minute presentations of research papers**, totaling 30% of your grade. Students should have an organizational meeting during the first week of class to discuss who will be presenting which paper. Depending on the final enrollment in the class, I expect that most students will present three papers during the term. Keep in mind that you will need to carefully read the paper anyway, so the additional work to put together slides is limited. Plus, it will help you to think about your own research. We will talk about the sequence of the slides, and what to put into the slides. Please email me your presentation 4 days before you are presenting so that I can review your slides and give you feedback to help make the slides clear and of benefit to everyone in the class.

2. **Class participation**, 20% of your grade. Those who are not presenting should carefully read the paper that will be presented that day and write-up 3 slides for class discussion. Slide 1: What is good about the paper? Slide 2: What is a weakness of the paper? Slide 3: Ideas for further improvement, or ideas for further research.

After the main presentation I will randomly call on someone to present his/her three
slides. This person will act as the discussion leader while everyone shares their own ideas on the topic. The idea is to encourage more discussion and class participation in an environment that is more like a typical econ seminar.

3. A midterm 5-page (double-spaced) draft of your paper proposal and presentation, 20% of grade. The proposal should motivate a question related to the course and discuss existing research that is related to that question. The topic may come from the syllabus, but you may select a topic that is not on the syllabus. The draft should be a minimum of 5 double-spaced pages. Please send me your draft 4 days before your presentation.

4. A final 15-page (double-spaced) draft of your proposal and in-class presentation, 30% of grade. Ideally this will be the same proposal that you worked on for the midterm presentation. You should include in your proposal reference to potential data sources and how these data can be used to address your key questions; aim to be as specific as you can about your strategy and approach. These presentations will take place during the last week of class. I will be happy to give you feedback on your slides if you send them to me in advance.

The final draft is due by May 4, 7pm emailed to kellerw@colorado.edu

Course Outline
This version: January 11, 2015

January 13 - General Introduction & vertical foreign direct investment (FDI)

January 15 - FDI versus International Outsourcing
Required: Antras, P., and E. Helpman, “Global Sourcing”, JPE 2004

January 20 - Empirics on FDI & Offshoring: Spillovers and firm boundaries
Javorcik, B., Does Foreign Direct Investment Increase the Productivity of Domestic Firms? In Search of Spillovers Through Backward Linkages, AER 2004

January 22 – Trade and Growth I

January 27 - Trade and product variety
Keller, W., Ben Li, and Carol Shiue, “China’s foreign trade: Perspectives from the past 150 years”, World Economy, 2011

January 29 - Trade and Scale Economies: Evidence from market access and other studies
Hanson, G., and C. Xiang, “The Home Market Effect and Bilateral Trade Patterns”, AER 2004

February 3 - Increasing Returns and Path Dependence
Student Presentation: Bleakley, H., and J. Lin, “Portage and Path Dependence”, QJE 2012

February 5 - Increasing Returns and Economic Geography
Student Presentation: Davis, D., and D. Weinstein, “Bones, Bombs, and Breakpoints”, AER 2002

February 10 - Trade gains from firm-level responses: within vs between

February 12 - Trade gains from firm-level responses: technology adoption
Student Presentation: Lileeva, A., and D. Trefler, “Improved access to foreign markets raises plant-level productivity...for some plants”, QJE 2010
Bustos, P., Trade Liberalization, Exports and Technology Upgrading: Evidence on the impact of MERCOSUR on Argentinian Firms, AER 2011

February 17 - Import competition, firms and local labor markets
Kovak, B., “Regional Effects of Trade Reform: What is the Correct Measure of Liberalization?”, AER 2013

February 19 - Trade and labor market outcomes – worker level evidence
Student Presentation: Utar, H., “Workers Beneath the Floodgates: The Impact of Removing Trade Quotas on Danish Workers”, wp, 2014
Autor, D., D. Dorn, G. Hanson, and J. Song, “Trade Adjustment: Worker-Level Evidence”, QJE 2014

February 24 - Trade, offshoring, skill bias & job polarization

**Student Presentation:** Michaels, G., “The Effect of Trade on the Demand for Skill – Evidence from the Interstate Highway System”, ReSTAT 2009


February 26 - Offshoring and workers

**Student Presentation:** Hsieh, Chang-tai, and K.T. Woo, The Impact of Outsourcing to China on Hong Kong’s Labor Market., AER 2005


Midterm presentations: March 3, 5, and 10

March 12 - Knowledge Spillovers and Competition Effects

**Student Presentation:** Aghion, P., N. Bloom, R. Blundell, R. Griffith, and P. Howitt, “Competition and Innovation: an inverted-U relationship, QJE 2005

Bloom, N., M. Schankerman, and J. van Reenen , Identifying technology spillovers and product market rivalry, Econometrica 2013

Acharya, R., and W. Keller, “Estimating the Productivity Selection and Technology Spillover Effects from Imports”, NBER # 14079

March 17 - Innovation, Trade, and Offshoring

**Student Presentation:** Bloom, N., M. Draca, and J. van Reenen, ” Trade induced technical change? The impact of Chinese imports on innovation, IT and productivity”, 2012


Keller, W., and S. Yeaple, “Innovation in the Age of Offshoring”, in progress

March 19 – Trade & Growth: Econometric evidence

**Student Presentation:** Feyrer, J. , “Trade and Income – the 1967 to 1975 Closing of the Suez Canal as a Natural Experiment”, wp, Dartmouth

Feyrer, J., “Exploiting Time Series in Geography”, wp, Dartmouth

Frankel, J, and D. Romer, “Does Trade Cause Growth?”, AER 1999


Spring break: March 24 and 26

March 31 - Institutions’ impact on trade

**Student Presentation:** Levchenko, A., “Institutional Quality and International Trade”, ReStud 2007

Nunn, N. “Relationship-Specificity, Incomplete Contracts, and the Pattern of Trade”, QJE 2007
Manova, K. “Credit Constraints, Heterogeneous Firms, and International Trade”, ReStud 2013

April 2 - Trade affects institutions

**Student Presentation:** Acemoglu, D., S. Johnson, and J. Robinson, “The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth”, AER 2005


April 7 - Institutions and growth: is trade the mechanism?

**Student Presentation:** Keller, W., and C. Shiue, “The Contributions of Institutions and Market Integration to Economic Development: Evidence from 19th Century Germany”, mimeo, Jan 2015


Alcala, F., and A. Ciccone, “Trade and Productivity”, QJE 2004

April 9 - Trade and Growth with Firms

**Student Presentation:** Baldwin, R., and F. Robert-Nicoud, “Trade and Growth with Heterogeneous Firms”, JIE 2008


April 14 - Trade and Income Gains within Countries

**Student Presentation:** Donaldson, D., “Railroads of the Raj: Estimating the Impact of Transportation Infrastructure”, AER, forthcoming


April 16 - Elements of trade costs

**Student Presentation:** Head, K., T. Mayer, and J. Ries, “The Erosion of Colonial Ties after Independence”, JIE 2010


Catch-up meeting and student presentations of research projects: April 21, 23, 28, and 30
University policies
All policies
http://www.colorado.edu/policies/
Class behavior:
http://www.colorado.edu/policies/classbehavior.html
http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code
Honor code:
http://www.colorado.edu/academics/honorcode/
http://www.colorado.edu/policies/honor.html
Disabilities:
http://www.colorado.edu/disabilityservices/
Religious practices:
http://www.colorado.edu/policies/fac_relig.html
Sexual harassment:
http://www.colorado.edu/odh/