ECONOMICS 551: INTERNATIONAL TRADE I
TTh: 10:40 – 12:10

Instructor:

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Content:

This 6-week segment will cover competitive trade theory, including the gains from trade, the sources of comparative advantage, the effects of trade on income distribution, and the theory of trade policy.

Books:

There are no required textbooks. The following books are cited in the reading list by the abbreviations indicated. Those intending to do research in this field may want to have them in their personal libraries.

Avinash Dixit and Victor Norman, *Theory of International Trade* (DN)

**COURSE OUTLINE AND READING LIST**

Essential items are overviews/introductions and should be read before the lecture on the topic. Required items should be read shortly thereafter.

**I. GAINS FROM COMPETITIVE TRADE**

Essential:

DN pp. 65-79, 94-96
F, pp.187-196

Required:

A. Dixit and V. Norman, “Gains from trade without lump-sum compensation,” JIE 1986, 111-122
II. TRADE EQUILIBRIUM: PERFECT COMPETITION

A. Factor Endowments: Special Models

Essential:

F, pp. 4-23, 25-33, 75-79

Required:


B. Factor Endowments: General Theory

Essential:

F, pp. 51-60, 67-70.

Required:

DN, chs. 2,4.
HK, ch. 1

C. Technological Differences

Essential:

F 1-3, 70-75, 172-174

Required:

D. Empirical Studies of the Trade Pattern

Essential:

F 33-48, 60-66, 78-79

Required:

D. Trefler, “The case of the missing trade and other HOV mysteries,” AER 1995, 1029-1046

E. Empirical Studies of the Welfare and Distributional Effects of Trade

Essential:


Required:


F. Sorting: Heterogeneous Workers

Essential:


Required:


G. Competitive Theory of Offshoring

III. THEORY OF TRADE POLICY

A. First and Second Best Trade Policy

Essential:

F 217-224,

Required:

DN, chapter 5 (pp.149-163), 6 (pp.165-175)

B. The Political Economy of Trade Policy

Essential:

F, 299-310

Required:


C. Trade Agreements

Essential:

F 311-322

Required: