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Advanced International Trade

Econ 552, Spring 2015

Bendheim 317, MW 9:00 -10:30am

Princeton University

Syllabus

Overview: This is a graduate course in the second year international trade sequence. We will cover topics related to trade and the international organization of production. In particular, we will study multinationals, offshoring and vertical specialization. We will also study models of trade where factors of production are heterogeneous and so need to match to form production teams. Finally, we will study economic geography and the relationship between the distribution of economic activity in space and trade flows.

Grading: Your grade for my part of the trade sequence will be based on submitting a paper with a research idea. The idea can be preliminary but should be described precisely. You will also have to present a paper in class. The paper can either be from the syllabus on a topic of your interest or you can suggest a paper. You need to discuss your choice with me. Please do the required reading ahead of time and come to class prepared to discuss the related topics.

Outline and Readings: This syllabus, with the links to my notes and all papers, can be downloaded from the course website at:

<http://www.princeton.edu/~erossi/Econ552.pdf>

Outline:

• **Week 1: Firm Boundaries and Trade**

- [Notes](#)
- Required Readings:
 - Antràs and Helpman. 2004. "[Global Sourcing](#)," *Journal of Political Economy*
 - Antràs. 2003. "[Firms, Contracts, and Trade Structure](#)," *Quarterly Journal of Economics*

- Optional Readings:
 - Antràs and Rossi-Hansberg. 2009. “[Organizations and Trade](#),” *Annual Review of Economics*
 - Antràs. 2005. “[Property Rights and the International Organization of Production](#),” *American Economic Review* P&P
 - Feenstra and Gordon. 2005. “[Ownership and Control in Outsourcing to China: Estimating the Property-Rights Theory of the Firm](#),” *Quarterly Journal of Economics*
 - Nunn. 2007. “[Relationship-Specificity, Incomplete Contracts and the Pattern of Trade](#),” *Quarterly Journal of Economics*
 - Yeaple. 2006. “[Offshoring, Foreign Direct Investment, and the Structure of U.S. Trade](#),” *Journal of the European Economic Association*

- **Week 2: Organization and Trade**
 - Required Readings:
 - Caliendo and Rossi-Hansberg. 2012. “[The Impact of Trade on Organization and Productivity](#),” *Quarterly Journal of Economics*
 - Caliendo, Monte, and Rossi-Hansberg. 2014. “[The Anatomy of French Production Hierarchies](#),” forthcoming in the *Journal of Political Economy*
 - Optional Readings:
 - Blum and Van Reenen. 2007. “[Measuring and Explaining Management Practices Across Firms and Countries](#),” *Quarterly Journal of Economics*
 - Costinot. 2009. “[On the Origins of Comparative Advantage](#),” *Journal of International Economics*

- **Week 3: Global Supply Chains**
 - Required Readings:
 - Antràs and Chor. 2013. “[Organizing the Global Value Chain](#),” *Econometrica*.
 - Costinot, Vogel, and Wang. 2012. “[Global Supply Chains and Wage Inequality](#),” *Review of Economic Studies*
 - Yi. 2003. “[Can Vertical Specialization Explain the Growth of World Trade?](#)” *Journal of Political Economy*
 - Optional Readings:
 - Dixit and Grossman. 1982. “[Trade and Protection with Multistage Production](#),” *Review of Economic Studies*

- Hanson, Mataloni, and Slaughter. 2005. “[Vertical Production Networks in Multinational Firms](#),” *Review of Economics and Statistics*
 - Hummels, Rapoport, and Yi. 1998. “[Vertical Specialization and the Changing Nature of World Trade](#),” *Federal Reserve Bank of New York Economic Policy Review*
- **Week 4: Offshoring and Task Trade**
 - Required Readings:
 - Antràs, Garicano, and Rossi-Hansberg. 2006. “[Offshoring in a Knowledge Economy](#),” *Quarterly Journal of Economics*
 - Burstein and Monge. 2009. “[Foreign Know-How, Firm Control, and the Income of Developing Countries](#),” *Quarterly Journal of Economics*
 - Grossman and Rossi-Hansberg. 2008. “[Trading Tasks: A Simple Theory of Offshoring](#),” *American Economic Review*
 - Grossman and Rossi-Hansberg. 2012. “[Task Trade between Similar Countries](#),” *Econometrica*
 - Optional Readings:
 - Amiti and Wei. 2009. “[Service Offshoring and Productivity: Evidence from the US](#),” *The World Economy*
 - Arkolakis, Ramondo, Rodriguez-Clare, and Yeaple. 2013. “[Innovation and Production in the Global Economy](#),” mimeo
 - Baldwin. 2006. “[Globalisation: The Great Unbundling\(s\)](#),” mimeo
 - Ramondo and Rodriguez-Clare. 2010. “[Trade, Multinational Production, and the Gains from Openness](#),” *Journal of Political Economy*
 - Rodriguez-Clare. 2009. “[Offshoring in a Ricardian World](#),” *American Economic Journal: Macroeconomics*
 - Tintelnot. 2014. “[Global Production with Export Platforms](#),” mimeo
- **Week 5: Economic Geography and Trade**
 - Required Readings:
 - Allen and Arkolakis. 2014. “[Trade and the Topography of the Spatial Economy](#),” *Quarterly Journal of Economics*
 - Caliendo, Parro, Rossi-Hansberg and Sarte. 2014. “[The Impact of Regional and Sectoral Productivity Changes on the U.S. Economy](#),” mimeo

- Desmet, Nagy, and Rossi-Hansberg. 2014. "[The Geography of Development: Evaluating Migration Restrictions and Coastal Flooding](#)," mimeo
 - Optional Readings:
 - Desmet and Rossi-Hansberg. 2014. "[Spatial Development](#)," *American Economic Review*
 - Fujita, Krugman and Venables. 1999. *The Spatial Economy*, MIT Press
 - Krugman. 1991. "[Increasing Returns and Economic Geography](#)," *Journal of Political Economy*
 - Redding and Fajgelbaum. 2014. "[External Integration, Structural Transformation and Economic Development: Evidence from Argentina 1870-1914](#)," mimeo
 - Redding. 2012. "[Goods Trade, Factor Mobility and Welfare](#)," mimeo
 - Rossi-Hansberg. 2002. "[A Spatial Theory of Trade](#)," *American Economic Review*
- **Week 6: Cities and Systems of Cities**
 - Required Readings:
 - Desmet and Rossi-Hansberg. 2013. "[Urban Accounting and Welfare](#)," *American Economic Review*
 - Gabaix, 1999, "[Zipf's Law for Cities: An Explanation](#)," *Quarterly Journal of Economics*
 - Jan Eeckhout, 2004, "[Gibrat's Law for \(All\) Cities](#)," *American Economic Review*
 - Rossi-Hansberg and Wright, 2007, "[Urban Structure and Growth](#)," *Review of Economic Studies*
 - Optional Readings:
 - Baum-Snow and Pavan. 2012. "[Understanding the City Size Wage Gap](#)," *Review of Economic Studies*
 - Behrens, Duranton and Robert-Nicoud. 2014. "[Productive cities: Sorting, selection, and agglomeration](#)," *Journal of Political Economy*
 - Black and Henderson, 1999, "[A Theory of Urban Growth](#)," *Journal of Political Economy*
 - Combes, Duranton, Gobillon and Roux. 2012. "[The Productivity Advantages of Large Cities: Distinguishing Agglomeration from Firm Selection](#)," *Econometrica*
 - Duranton, 2007, "[Urban Evolutions: The Fast, the Slow, and the Still](#)," *American Economic Review*
 - Eeckhout, Pinheiro, Schmidheiny. 2014. "[Spatial Sorting](#)," *Journal of Political Economy*
 - Henderson, 1974, "[The Sizes and Types of Cities](#)," *American Economic Review*