S190 International Trade

Lecturer: Meredith A. Crowley

Course Description:
This course covers the main theoretical models of international trade, impacts of trade policy, and how firms respond to changes in policy and technology. There is a heavy emphasis on examining the predictions of theoretical models through empirical analysis. We will be reviewing the methodologies in a variety of papers, many of which make use of panel data.

The course consists of 18 lectures on the following topics.

I. Classical trade theory
   a. Ricardian Comparative Advantage
      i. Dornbusch, Fisher, and Samuelson (1977)
   b. Two-sector, two-factor endowment economy (Feenstra text)
   c. Heckscher-Ohlin Theory (Feenstra text)

II. Increasing returns to scale and monopolistic competition
   a. Krugman (1979) – monopolistic competition with CES preferences

III. Multinational Enterprises and Foreign Direct Investment
   a. Antras and Yeaple (2014)

IV. Tariffs and trade policy (Feenstra text)

V. Empirical studies of trade liberalizations, firms’ productivity, and procompetitive effects
   b. Crowley, Han and Prayer (2021) “Procompetitive Effects of Preferential Trade Agreements”

Assessment: 2 hour examination paper where candidates are required to answer 3 out of 4 questions