

## 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
  - b. Krugman (1980) – monopolistic competition with general Dixit Stiglitz preferences
  - c. Melitz (2003) – monopolistic competition with firm heterogeneity in cost
- III. Multinational Enterprises and Foreign Direct Investment
  - a. Antras and Yeaple (2014)
- IV. Tariffs and trade policy (Feenstra text)
  - a. Grossman and Helpman, AER (1994) “Protection for Sale”
  - b. Broda, Limao and Weinstein, AER (2008) “Optimal Tariffs”
- V. Empirical studies of trade liberalizations, firms’ productivity, and procompetitive effects
  - a. Amiti and Konings, AER (2007)
  - 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

**Readings:** The main textbook for the course is Feenstra, Advanced International Trade, 2<sup>nd</sup> edition (2015) Princeton University Press. Lectures will also draw on published papers.