This is a PhD level course in positive international trade – that is, understanding patterns and volumes of trade (less emphasis on trade policy). It will also touch on closely related problems in spatial economics, drawn largely from the systems of cities literature. The \textbf{prerequisite} is knowledge of the first year PhD economics core material. Familiarity with international trade at an undergraduate level is helpful, although not required.

The readings have been divided, with two ** indicating the most important, one * indicating the next most important, and no stars indicating additional valuable readings.

The course will have the following requirements, \textit{each counting for one-third of the grade}:

- A term paper that may serve as the start on your required second year PhD paper. At a minimum, this should provide a critical (not merely expository) perspective on an important paper or cluster of papers on a topic relevant to this class. If in doubt, ask me if the topic is appropriate.
- Final Exam
- Active participation in the class blog at \url{http://internationaltradeatcolumbia2011.wordpress.com/}.

\textbf{Electronic Resources}

Virtually all of the papers and resources listed here should be downloadable online. The key sites are Google Scholar, RePec, Social Sciences Citation Index, and Econlit. You \textit{must} be familiar with all of these. Note that Google Scholar allows you to set preferences for Columbia University, so to retrieve a tremendous amount of the literature via e-link@_columbia.

Of course, you should also visit the websites of the people whose work in an area you find most exciting to see frontier working papers.

\textbf{Strongly Recommended Books}


\textbf{Recommended Books}

Davis, Donald R., \textit{Notes on Competitive Trade Theory}


## I. Perfect Competition

### A. Equilibrium in a Trading World and the Gains From Trade

Davis, Donald R., Notes on Competitive Trade Theory, Ch. 2.


### B. Comparative Advantage

**Theory**

** DN. pp. 1-8 and “Mathematical Appendix.”

Ethier, W. “Higher Dimensional Issues in Trade Theory,” sections 1 and 2, HIE


**Data**


### C. An Exchange Economy

Jones, Ronald W. and Peter Neary, “The Positive Theory of International Trade,” in HIE Section 2.1

### D. Ricardo


Jones, R. and P. Neary, “The Positive Theory of International Trade,” HIE Section 2.2


DN pp. 36-38.

### E. Heckscher-Ohlin

** Theory**

* DN pp. 1-19, 85-86, 93-122, 133-137.

** HK1 Ch. 1.

* Feenstra, Ch. 1

Rivera-Batiz and Oliva, Ch. 1


Ethier, W. “Higher Dimensional Issues in Trade Theory.” in HIE.

Data


** Feenstra Chs. 2-3


Rivera-Batiz and Oliva, Ch. 3


F. Specific Factors (Ricardo-Viner) Model


** Jones, R. and P. Neary, “The Positive Theory of International Trade,” HIE Section 2.4


G. Hybrid Competitive Models


H. Unemployment and Factor Markets under Perfect Competition


** Costinot, Arnaud and Jon Vogel, “Matching and Inequality in the World Economy,” JPE 2010.


I. Immigration


J. External Increasing Returns

* Bhagwati, Panagariya, and Srinivasan, Section 1 of Chapter 11 (Economies of Scale) of Lectures on International Trade.

II. Imperfect Competition Theory (static)

A. Monopoly


B. Monopolistic Competition

* Krugman, Paul “Increasing Returns, Monopolistic Competition and International Trade,” JIE 9 1979,

** HK1 Chs. 7-8, 9.5, 10.4, 11.4.


DN Ch. 9.


HK1 Chs. 6, 9-11.


C. Oligopoly


** HK1 Ch. 5
Markusen, J. “Trade and Gains From Trade with Imperfect Competition,” JIE 11 1981.

D. Firms and Trade

** Pol Antras’s notes for Ec 2535 at Harvard. See Antras Lectures.

E. Multinational Corporations

** Feenstra, Ch. 11
** HK1 Chs. 12.1-12.4, 13.1-13.3

F. Factor Markets under Imperfect Competition


### III. Economic Geography

#### A. Gravity and the Volume of Trade


** Feenstra Ch. 5


#### B. Economic Geography

** Theory


** Fujita, Krugman and Venables Chapters 4,5, 14


Rivera-Batiz and Oliva, Ch. 4

** Data


* Rappaport, Jordan; Sachs, Jeffrey D, “The United States as a Coastal Nation,” Journal of Economic Growth, vol. 8, no. 1, March 2003, pp. 5-46


D. Systems of Cities


IV. Trade and Growth

A. Perfectly Competitive Framework


(The second model in the paper of learning by doing).


B. Research and Development

** GH Chs. 3, 6, 13.

C. Empirics

Feenstra Ch. 10


Rivera-Batiz and Oliva Ch. 6

IV. Elements of Trade Policy (to be expanded)

Theory


Empirics