This is a PhD level course in positive international trade – that is, understanding patterns and volumes of trade (not trade policy). The 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 that the reading is for pleasure or adventure!

I am revising the material in this course (always) and so you should expect revisions as we move along (which will be posted in an online version).

The course will have the following requirements:

- An in-class midterm on October 27 (40 percent of the grade);
- A final that covers material from the entire term (60 percent of the grade);

Electronic Resources

Virtually all of the papers and resources listed here are downloadable online. The key sites are Google Scholar, Social Sciences Citation Index, and Econlit. 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.

Remember: “It is false economy to stint on books.” — Paul Samuelson

Strongly Recommended Books

Recent years have seen a wealth of excellent books directed at the PhD student and professional economists. Many are now available in inexpensive paper editions at outlets such as Amazon.com, Barnes & Noble.com, or BookFinder.com (and others).

Recommended Books


Bhagwati, Jagdish; Panagariya, Arvind; and Srinivasan, T.N, Lectures on International Trade, 2nd edition, MIT 1998. (BPS)


Davis, Donald R., Notes on Competitive Trade Theory


Wong, Kar Yiu, International Trade in Goods and Factor Mobility, MIT Pr. 1995.

I. Perfect Competition

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

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


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
* Mussa, M. “The Two-Sector Model in terms of its Dual,” in B-ed

** 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
* Neary, J.P. “Short Run Capital Specificity and the Pure Theory of International Trade” L-ed.
G. Unemployment and Factor Markets

** Costinot, Arnaud and Jon Vogel, “Matching and Inequality in the World Economy.” WP 2008.

H. Immigration

* Rivera-Batiz and Oliva, Ch. 5.1-5.4

I. External Increasing Returns

* Bhagwati, Panagariya, and Srinivasan, Section 1 of Chapter 11 (Economies of Scale) of new Lectures on International Trade.
II. Imperfect Competition Theory (static)

A. Monopoly

BPS Chapters

B. Monopolistic Competition

* Krugman, Paul “Increasing Returns, Monopolistic Competition and International Trade,” JIE 9 1979, Reprint in L-
ed.
** HK1 Chs. 7-8, 9.5, 10.4, 11.4.
Bhagwati, Panagariya, and Srinivasan, Section 2 of Chapter 11 (Economies of Scale) of new Lectures on
International Trade.
DN Ch. 9.
Ethier, W. “National and International Returns to Scale in the Modern Theory of International Trade” AER 72 June
1982. Also in G-ed
HK1 Chs. 6, 9-11.
39, no. 3-4, November 1995, pp. 201-26
Rivera-Batiz and Oliva, Ch. 2.
** Broda, Christian; Weinstein, David E.; “Globalization and the Gains from Variety” Quarterly Journal of
Economics, May 2006, v. 121, iss. 2, pp. 541-85
* David Hummels & Peter J. Klenow, 2005. "The Variety and Quality of a Nation's Exports," American Economic

C. Oligopoly

** Brander, James and Krugman, Paul “A Reciprocal Dumping Model of International Trade” Reprint in L-ed.
** HK1 Ch. 5
Bhagwati, Panagariya, and Srinivasan, Section 2 of Chapter 11 of new Lectures on International Trade.
Markusen, J. “Trade and Gains From Trade with Imperfect Competition,” JIE 11 1981, also in G-ed.

D. Firms and Trade

** Pol Antras’s notes for Ec 2535 at Harvard. See Antras Lectures.
2003, pp. 1375-1418
* Bernard, Andrew B; Redding, Stephen; Schott, Peter K, “Comparative Advantage and Heterogeneous Firms,”
* Chaney, Thomas, “Distorted Gravity: The Intensive and Extensive Margins of International Trade,” forthcoming,
American Economic Review.
** Melitz, Marc J, “The Impact of Trade on Intra-industry Reallocations and Aggregate Industry Productivity,”
Arkolakis, Costas, “Market Penetration Costs and the New Consumers Margin in International Trade,” NBER WP
14214, August 2008.

E. Multinational Corporations
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

IV. Dynamic Models of Trade and Growth

A. Perfectly Competitive Framework


B. Research and Development

** GH Chs. 3, 6, 13.
C. Empirics


Feenstra Ch. 10


Rivera-Batiz and Oliva Ch. 6