International Trade

The course is conducted by Przemek Kowalski, Economist at the Organization for Economic Co-operation and Development (OECD). E-mail: Przemyslaw.Kowalski@oecd.org

Objectives of the course

The objective of this course is to introduce you to basic theory and empirical results in international trade, including relatively recent developments. The course will also help you to independently analyze international trade issues and present arguments in a clear and persuasive way. The ambition of this course is to go beyond simplistic discussions and to introduce students to some technical nuances through a study of a series of important contributions to the international trade literature.

The course will cover the following topics:

- Comparative advantage
- Trade and factor markets
- Imperfect competition and trade
- Testing new trade theory
- Economic geography
- Trade and foreign direct investment
- Firm heterogeneity and trade

Method

Before each class each student will be required to read the article indicated as the obligatory reading and write a one page summary covering the following points:

- Why is this article important? (or Why is it unimportant?)
- What are the main analytical conclusions and policy implications?
- What you can and what you cannot agree with in this paper? Why?

Discussing links with the two other papers indicated for this topic (see Course Structure and Readings) will be rewarded. Short length of written pieces will also be rewarded (note that arguing your points in a short piece is more difficult!). These one-pagers will have to be submitted to the course instructor by e-mail before the deadline of 6 pm preceding the relevant session.
In the first 30 minutes of each session the course instructor will introduce the topic. This will be followed by a 30-40 minutes presentation by a selected student or group of students (see topics for presentation in the Course Structure and Readings). Subsequently, there will be a group discussion around the theory, presentation by students and obligatory readings.

The course, including classes, presentations and assignments will be conducted in English.

**Assessment**

Each course participant will be evaluated on the basis of: (1) submission of one-page reports on obligatory readings; (2) class presentation on an assigned topic; (3) participation in discussions; (4) multiple choice test taken at the end of the course.

**General References**

There is no core text book for the course but background reading for the class topics can be found:


If you have never studied international trade before you could consult:


COURSE STRUCTURE AND READINGS

Class 1. Introduction and Comparative advantage

There is no obligatory reading for this introductory class.

Other readings:


Class 2. Trade and factor markets

Obligatory reading to be critically summarised before the class:


If interested, see also comments on this paper by Dani Rodrik:  

Other selected readings:


Presentation by students: Trade and factor markets: What is the empirical evidence of impact of international trade on factor (and in particular labour) markets? How has the economics profession approached this issue?

Class 3. Imperfect competition and trade

Obligatory reading to be critically summarised before the class:

Other selected readings:


Presentation by students: Imperfect competition and Trade. Why is it important to account for imperfect competition in the analysis of international trade? What new insights are gained in trade models which incorporate the assumption of imperfect competition?

**Class 4. Testing new trade theory**

Obligatory reading to be critically summarised before the class:


Other selected readings:


Presentation by students: Testing Trade Theories. Is there empirical evidence that the new trade theory is a better framework for studying international trade as compared to the more traditional approaches? What are the major challenges of empirical testing of the new trade theory?

**Class 5. Economic geography**

Obligatory reading to be critically summarised before the class:


Other selected readings:


Presentation by students: Economic geography. What new analytical insights into the analysis of international trade are brought about by the field of economic geography? Have there been any attempts to test the main propositions of this theory?

Class 6. Trade and foreign direct investment

Obligatory reading to be critically summarised before the class:


Other selected readings:


Presentation by students: Trade and foreign direct investment. Why is it important for trade theory to account for the existence of multinational companies? How has this been approached?

Class 7. Firm heterogeneity and trade

Obligatory reading to be critically summarised before the class:


Other selected readings:


Presentation by students: Firm heterogeneity and trade. Have there been any attempts to test trade models with heterogeneous firms? What did these studies find?