

Industrial Organization and International Trade (I)

Fall, 2008

Instructor: Professor Hong Hwang

Office Hours: Friday 3:10 – 5:00pm or by appointment

Office: #205, Research Building

Class meeting hours: Tuesday 10:20 am – 12:10 pm and Saturday 10:20am – 1:00pm

Course Outline:

This is a seminar course. It shall study papers in the frontier of trade/industrial organization research. Students are required to read assigned papers and share their comments in the classroom. Through numerous presentations and discussions, students shall be familiar with the recent trend of the literature on trade/industrial organization and are required to submit a term paper on a topic approved a priori by the instructor before the end of the semester. This course will be of particular help to students who are looking for a research topic for their MA or PhD theses.

Grading: There will be no examination. Grading is based on the term papers and class participation

Readings: The preliminary reading list (new papers will be added when the course starts) is as follows.

1. Baldwin, R.E., and T. Okubo, 2006, "Heterogeneous firms, Agglomeration and Economic Geography: Spatial Selection and Sorting," *Journal of Economic Geography* 6, 323-346.
2. Bernard, A.B., J. Eaton, J.B. Jensen, and S. Kortum, 2003, "Plants and Productivity in International Trade," *American Economic Review* 93, 1268-1290.
3. Brander, J.A., Spencer B.J., 1985. Export Subsidies and International Market Rivalry. *Journal of International Economics* 18, 83-100.
4. Browning, E.K., 1976. The Marginal Cost of Public Funds. *Journal of Political Economy* 84, 283-298.

5. Browning, E.K., 1987. On the Marginal Welfare Cost of Taxation. *American Economic Review* 77, 11-23.
6. Collie, D.R., 2000. State Aid in the European Union: The Prohibition of Subsidies in an Integrated Market. *International Journal of Industrial Organization* 18, 867-884.
7. Collie, D. R., 2000. A Rationale for the WTO Prohibition of Export Subsidies: Strategic Export Subsidies and World Welfare. *Open Economies Review* 11, 229-245.
8. Collie, D. R., 2006. Tariffs and Subsidies under Asymmetric Oligopoly: Ad Valorem and Specific Instrument. *The Manchester School* 74, 314-333.
9. Delipalla, S., Keen , M. 1992. The Comparison between Ad Valorem and Specific Taxation under Imperfect Competition. *Journal of Public Economics* 49, 351-367.
10. Diamond, P.A., McFadden D., 1974. Some Uses of the Expenditure Function in Public Finance. *Journal of Public Economics* 3, 3-21.
11. Dick, A.K., 1993. Strategic Trade Policy and Welfare: The Empirical Consequences of Cross-Ownership. *Journal of International Economics* 35, 227-249.
12. Eaton, J., Grossman G.M., 1986. Optimal Trade and Industrial Policy under Oligopoly. *Quarterly Journal of Economics* 101, 383-406.

13. Hwang, H., Miyagiwa, K., Wong, K.Y., 1997. Strategic Export Subsidies under a Budget Constraint: Ad Valorem versus Specific. *37*, 197-218.
14. Hillman, A. L., Templeman J., 1985. On the Use of Trade Policy Measures by a Small Country to Counter Foreign Monopoly Power. *Oxford Economic Papers* *37*, 346-352.
15. Kay, J.A., 1980. The Deadweight Loss from a Tax System. *Journal of Public Economics* *13*, 111-119.
16. Leahy, D., Montagna C., 2001. Strategic Trade Policy with Heterogeneous Costs. *Bulletin of Economic Research* *53*, 177-182.
17. Lee, S., 1991. International Equity Markets and Trade Policy. *Journal of International Economics* *29*, 173-184.
18. Neary, J.P., 1994. Cost Asymmetries in International Subsidy Games: Should Governments Help Winners or Losers? *Journal of International Economics* *37*, 197-218.
19. Skeath, S. E., Trandel G. A., 1994. Pareto-Superior Trade Policy. *Journal of International Trade and Economic Development* *3*, 277-288.

83.
20. Zhou, D., B.J. Spencer and I. Vertinsky, 2002, "Strategic Trade Policy with Endogenous Choice of Quality and Asymmetric Costs," *Journal of International Economics* *56*, 205-32.