

Industrial Organization and International Trade (II)

Spring, 2009

Instructor: Professor Hong Hwang

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

Office: #205, Research Building

Class meeting hours: Tuesday 10:20 am – 12:10 pm

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. Antràs, P., 2003, "Firms, Contracts, and Trade Structure," *Quarterly Journal of Economics* 118 (4), 1375-1418.
2. Antràs, P, and E. Helpman, 2004, "Global Sourcing," *Journal of Political Economy* 112 (3), 552-80.
3. Baldwin, R.E., and P.R. Krugman, 1989, "Persistent Trade Effects of Large Exchange Rate Shocks," *Quarterly Journal of Economics* 104 (4), 635-54.
4. Bernard, A.B., J. Eaton, J.B. Jensen, and S. Kortum, 2003, "Plants and Productivity in International Trade," *American Economic Review* 93 (4), 1268-90.
5. Bernard, A.B., and J. B. Jensen, 2004, "Why Some Firms Export," *Review of Economics and Statistics* 86 (2), 561-69.

6. Bhgwati, J., A. Panagariya, and T. N. Srinivasan, 2004, "The Muddles over Outsourcing," *Journal of Economic Perspectives* 18 (4), 93-114.
7. Blonigen, B.A, and Y. Ohno, 1998, "Endogenous Protection, Foreign Direct Investment and Protection-Building Trade," *Journal of International Economics* 46 (2), 205-27.
8. Campbell, J.R., and H.A. Hopenhaya, 2005, "Market Size Matters," *Journal of Industrial Economics* 53(1), 1-25.
9. Clerides, S.K., S. Lach, and J.R. Tybout, 1998, "Is Learning by Exporting Important? Micro-Dynamic Evidence from Colombia, Mexico, and Morocco," *Quarterly Journal of Economics* 113(3), 903-47.
10. Cheng, L.K., L.D. Qiu, and G. Tan, 2005, "Foreign Direct Investment and International Trade in a Continuum Ricardian Trade Model," *Journal of Development Economics* 77 (2), 477-501.
11. Eaton, J., S. Kortum, and F. Kramarz, 2004, "Dissecting Trade: Firms, Industries, and Export Destination," *American Economic Review* 94 (2), 150-54.
12. Eicher, T, and J.W. Kang, 2005, "Trade, Foreign Direct Investment or Acquisition: Optimal Entry Modes for Multinationals," *Journal of Development Economics*, 77 (1), 207-28.
13. Feenstra, R.C., and G.H. Hanson, 2005, "Ownership and Control in Outsourcing to China: Estimating the Property-Rights Theory of the Firm," *Quarterly Journal of Economics* 120(2), 729-61.
14. Greenaway, D., and R. Kneller, 2007, "Firm Heterogeneity, Exporting and Foreign Direct Investment," *Economic Journal* 117, 134-61.
15. Grossman, G..M., and E. Helpman, 2002, "Integration versus Outsourcing in Industry Equilibrium," *Quarterly Journal of Economics* 117(1), 85-120.
16. Grossman, G.M., and E. Helpman, 2005, "Outsourcing in a Global Economy,"

Review of Economic Studies 72(1), 135-59.

17. Grossman, G.M., E. Helpman, and A. Szeidl, 2005, "Complementarities between Outsourcing and Foreign Sourcing," *American Economic Review* 95(2), 19-24.
18. Hanson, G.H., R.J. Mataloni Jr., and M.J. Slaughter, 2005, "Vertical Production Networks in Multinational Firms," *Review of Economics and Statistics* 87(4), 664-78.
19. Hart, O.D., and J. Moore, 1990, "Property Rights and the Nature of the Firm," *Journal of Political Economy* 98(6), 1119-58.
20. Harris, R.G., and N. Schmitt, 2001, "Strategic Export Policy with Foreign Direct Investment and Import Substitution," *Journal of Development Economics* 64 (1), 293-312.
21. Helpman, E., 1981, "International Trade in the Presence of Product Differentiation, Economies of Scale and Monopolistic Competition: A Chamberlin-Heckscher-Ohlin Approach," *Journal of International Economics* 11(3), 305-40.
22. Helpman, E., M.J. Melitz, and S.R. Yeaple, 2004, "Export versus FDI with Heterogeneous Firms," *American Economic Review* 94(1), 300-316.
23. Helpman, E., 2006, "Trade, FDI, and the Organization of Firms," *Journal of Economic Literature*, 589-630.
24. Hopenhayn, H.A., 1992, "Entry, Exit, and Firm Dynamics in Long Run Equilibrium," *Econometrica* 60(5), 1127-50.
25. Hummels, D., J. Ishii, and K.-M. Yi, 2001, "The Nature and Growth of Vertical Specialization in World Trade," *Journal of International Economics* 54(1), 75-96.
26. Konishi, H., K. Saggi, and S. Weber, 1999, "Endogenous Trade Policy under Foreign Direct Investment," *Journal of International Economics* 49 (2), 289-308
27. Mattoo, A., M. Olarreaga, and K. Saggi, 2004, "Mode of Foreign Entry, Technology

- Transfer, and FDI Policy," *Journal of Development Economics* 75 (1), 95-111.
28. Melitz, M.J., 2003, "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity," *Econometrica* 71(6), 1695-1725.
29. Montagna, C., 2001, "Efficiency Gaps, Love of Variety and International Trade," *Economica* 68(269), 27-44.
30. Ottaviano, G.I.P., T. Tabuchi, and J-F Thisse, 2002, "Agglomeration and Trade Revisited," *International Economic Review* 43(2), 409-35.
31. Qiu, L.D., and B.J. Spencer, 2002, "Keiretsu and Relationship-Specific Investment: Implications for Market-Opening Trade Policy," *Journal of International Economics* 58(1), 49-79.
32. Raff, H., and S. Krishna, 1998, "Tax Incentives for Import-Substituting Foreign Investment: Does Signaling Play a Role?" *Journal of Public Economics* 67 (2), 167-93.
33. Rauch, J.E., and V. Trindade, 2003, "Information, International Substitutability, and Globalization," *American Economic Review* 93(3), 775-91.
34. Spencer, B.J., 2005, "International Outsourcing and Incomplete Contracts," *Canadian Journal of Economics* 38(4), 1107-35.
35. Spencer, B.J., and L.D. Qiu, 2001, "Keiretsu and Relationship-Specific Investment: A Barrier to Trade?" *International Economic Review* 42(4), 871-901.
36. Yeaple, S.R., 2003, "The Complex Integration Strategies of Multinationals and Cross Country Dependencies in the Structure of Foreign Direct Investment," *Journal of International Economics* 60(2), 293-314.
37. Yeaple, S.R., 2005, "A Simple Model of Firm Heterogeneity, International Trade, and Wages," *Journal of International Economics* 65(1), 1-20.