

Research Topics in International Trade M2

Syllabus 2023

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Time and location: TBD.

Overview: The purpose of this module is to provide an understanding of cutting-edge research topics in the field of international Trade with a specific focus on heterogeneous firms and micro data analyses. International Trade is increasingly concerned with questions involving issues like firm productivity, the shape of consumers' preferences, market structure, the allocation of resources across firms, firm organization and innovation and business-to-business data/relationships. In this light, International Trade is increasingly contributing to a number of other fields including Industrial Organization, Labour Economics, Personnel Economics and Macroeconomics. The list below provide the topics that will be covered as well as the related readings. During lectures, we will be dissecting various models and quantitative frameworks paying attention to both the overall take-away message and the technical details while highlighting both the usefulness and the limitations of certain assumptions. Students should carefully study the readings for a given topic prior to the lecture and should expect to be actively participating including giving (at least) one presentation.

List of topics and readings

1. Firm Heterogeneity and Trade: Basics
 - a. Melitz, M. J. (2003). The impact of trade on intra-industry reallocations and aggregate industry productivity. *Econometrica*, 71(6), 1695-1725.
 - b. Chaney, T. (2008). Distorted gravity: the intensive and extensive margins of international trade. *American Economic Review*, 98(4), 1707-21.
2. Different Preferences
 - a. Melitz, M. J., & Ottaviano, G. I. (2008). Market size, trade, and productivity. *The Review of Economic Studies*, 75(1), 295-316.
 - b. Behrens, K., Mion, G., Murata, Y., & Südekum, J. (2014). Trade, wages, and productivity. *International Economic Review*, 55(4), 1305-1348.
3. Beyond Monopolistic Competition
 - a. Eaton, J., & Kortum, S. (2002). Technology, geography, and trade. *Econometrica*, 70(5), 1741-1779.
 - b. Atkeson, A., & Burstein, A. (2008). Pricing-to-market, trade costs, and international relative prices. *American Economic Review*, 98(5), 1998-2031.
 - i. Hottman, C. J., Redding, S. J., & Weinstein, D. E. (2016). Quantifying the sources of firm heterogeneity. *The Quarterly Journal of Economics*, 131(3), 1291-1364.

4. FDI and skills
 - a. Helpman, E., Melitz, M. J., & Yeaple, S. R. (2004). Export versus FDI with heterogeneous firms. *American economic review*, 94(1), 300-316.
 - b. Yeaple, S. R. (2005). A simple model of firm heterogeneity, international trade, and wages. *Journal of international Economics*, 65(1), 1-20.
 - i. Bustos, P. (2011). Trade liberalization, exports, and technology upgrading: Evidence on the impact of MERCOSUR on Argentinian firms. *American economic review*, 101(1), 304-40.
5. Global Sourcing
 - a. Feenstra, Robert C. and Gordon H. Hanson (1996), "Foreign Investment, Outsourcing and Relative Wages," in R.C. Feenstra, G.M. Grossman and D.A. Irwin, eds., *The Political Economy of Trade Policy: Papers in Honor of Jagdish Bhagwati*, MIT Press, 89-127.
 - b. Grossman, G. M., & Rossi-Hansberg, E. (2008). Trading tasks: A simple theory of offshoring. *American Economic Review*, 98(5), 1978-97.
 - c. Antras, P., & Helpman, E. (2004). Global sourcing. *Journal of Political Economy*, 112(3), 552-580.
6. Gains from Trade
 - a. Arkolakis, C., Costinot, A., & Rodríguez-Clare, A. (2012). New trade models, same old gains?. *American Economic Review*, 102(1), 94-130.
 - i. Melitz, M. J., & Redding, S. J. (2015). New trade models, new welfare implications. *American Economic Review*, 105(3), 1105-46.
 - b. Arkolakis, C., Costinot, A., Donaldson, D., & Rodríguez-Clare, A. (2019). The elusive pro-competitive effects of trade. *The Review of Economic Studies*, 86(1), 46-80.
7. Empirics I
 - a. Pavcnik, N. (2002). Trade liberalization, exit, and productivity improvements: Evidence from Chilean plants. *The Review of economic studies*, 69(1), 245-276.
 - i. Trefler, D. (2004). The long and short of the Canada-US free trade agreement. *American Economic Review*, 94(4), 870-895.
 - b. De Loecker, J., Goldberg, P. K., Khandelwal, A. K., & Pavcnik, N. (2016). Prices, markups, and trade reform. *Econometrica*, 84(2), 445-510.
 - c. Forlani, E., Martin, R., Mion, G., and Muuls, M. (2016). Unraveling Firms: Demand, productivity and markups heterogeneity. CEPR Discussion Paper 11058.
8. Empirics II
 - a. Bloom, N., Draca, M., & Van Reenen, J. (2016). Trade induced technical change? The impact of Chinese imports on innovation, IT and productivity. *The review of economic studies*, 83(1), 87-117.
 - b. Mion, G., & Zhu, L. (2013). Import competition from and offshoring to China: A curse or blessing for firms?. *Journal of International Economics*, 89(1), 202-215.
 - c. Autor, David H., David Dorn, and Gordon H. Hanson. 2013. "The China Syndrome: Local Labor Market Effects of Import Competition in the United States." *American Economic Review*, 103 (6): 2121-68.

Time permitting

9. Beyond productivity

- a. Mion, G., & Opromolla, L. D. (2014). Managers' mobility, trade performance, and wages. *Journal of International Economics*, 94(1), 85-101.
- b. Bernard, A. B., Dhyne, E., Magerman, G., Manova, K., & Moxnes, A. (2019). *The origins of firm heterogeneity: A production network approach* (No. w25441). National Bureau of Economic Research.
- c. Forlani, E., Martin, R., Mion, G., and Muuls, M. (2016). Unraveling Firms: Demand, productivity and markups heterogeneity. CEPR Discussion Paper 11058.

10. Within-firm effects and revenue TFP

- a. Bernard, A. B., Redding, S. J., & Schott, P. K. (2011). Multiproduct firms and trade liberalization. *The Quarterly journal of economics*, 126(3), 1271-1318.
 - i. Mayer, T., Melitz, M. J., & Ottaviano, G. I. (2014). Market size, competition, and the product mix of exporters. *American Economic Review*, 104(2), 495-536.
- b. Bloom, N., Draca, M., & Van Reenen, J. (2016). Trade induced technical change? The impact of Chinese imports on innovation, IT and productivity. *The review of economic studies*, 83(1), 87-117.
- c. De Loecker, J., Goldberg, P. K., Khandelwal, A. K., & Pavcnik, N. (2016). Prices, markups, and trade reform. *Econometrica*, 84(2), 445-510.
- d. Forlani, E., Martin, R., Mion, G., and Muuls, M. (2016). Unraveling Firms: Demand, productivity and markups heterogeneity. CEPR Discussion Paper 11058.

11. The productivity-variety trade-off and misallocation

- a. Hsieh, C. T., & Klenow, P. J. (2009). Misallocation and manufacturing TFP in China and India. *The Quarterly journal of economics*, 124(4), 1403-1448.
- b. Behrens, K., Mion, G., Murata, Y., & Suedekum, J. (2020). Quantifying the gap between equilibrium and optimum under monopolistic competition. *The Quarterly Journal of Economics*, 135(4), 2299-2360.

Grading

The grade will be based on a final oral exam (50%) and class participation, discussion and presentations (50%).