

Dartmouth College
Department of Economics
Winter 2015

ECONOMICS 49—TOPICS IN INTERNATIONAL ECONOMICS

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Office Hours:
Mondays: 1:30-3
Wednesday: 1:30-3
or by appointment

COURSE DESCRIPTION

The course covers timely topics in international economics with a focus on international trade. We discuss what the latest economic research informs us about 1) the role of institution in shaping the patterns and consequences of international trade, 2) whether and why international trade might promote economic growth, 3) how international trade impacts workers in developed and less developed world.

PREREQUISITES: ECON 29, ECON 39, ECON 20, ECON 21, ECON 22

READINGS

Readings come from academic journals. Links to the electronic versions of the readings are available via electronic library reserve from the class Canvas site. Textbooks that you used in Economics 39 & 29 (Feenstra and Taylor's *International Economics*, Krugman and Obstfeld's *International Economics*, or McLaren's *International Trade*, Irwin's *Free Trade Under Fire*), Wooldridge's *Introductory Econometrics* (textbook for Economics 20) are useful references.

REQUIREMENTS

The major requirement for the course is a research paper of no more than 15 double-spaced pages of text (not counting references, data, tables, and figures). The paper can address any issue in international economics, but you are encouraged to draw from broad themes covered in the seminar. Over the course of the term, you will choose a topic, compile a reading list, write a literature review, gather data, analyze your data, write a rough draft, present your work, and submit a final draft. Because I don't want anyone to get too far behind, you will need to turn in work for each of these steps by specified due dates noted on the class schedule. I will provide detailed descriptions of what is expected. The research paper (and intermediate steps) will count for 50 percent of your grade.

You are required to do all the readings for each class, to attend class, and to participate in class discussions.

You will be assigned one topic/reading for which you will lead the class discussion. Once you have signed to lead a discussion on a certain date, I regard that as an inviolable contract. This will count for 20 percent of your grade. You will fail on 20% of your grade if you do not show up for your class presentation.

Class participation grade consists of reading evaluations, comments on classmate projects, and in-class participation. This will count in total for 20 percent of your grade.

You will need to turn in a short evaluation for 8 of the *required* readings (no handwritten answers are accepted). The template questions for the evaluation are available on Canvas). You cannot turn in evaluation for any of the readings in the class for which you will lead the discussion. For classes that have more than one required reading, you only have to evaluate one of the readings. If you miss a class, you need to email me the evaluation before the class. The evaluations are graded on a scale of 0 to 10.

As you choose a topic for your paper, I will assign you to a student group. You will need to provide brief constructive comments on the proposals and preliminary analysis of classmates in your group. You will post these comments on the Canvas and present them in class during class discussions and student presentations. A student that does not provide these comments will receive no credit for this portion of the in-class participation grade.

- This is a Any unexcused absence from class will count against your grade.
- Excused absence from class should be communicated to me well before the class. You need to provide reading evaluation for that class (which does not count toward your 8 evaluations).

X-HOURS

The X-hour for this class is scheduled for Thursdays 9-9:50 (9 class) and Thursdays 12-12:50 (10 class). See the schedule for the list of X-hours.

OTHER ITEMS

Students are expected to observe the College Honor Principle.

Student with disabilities, including invisible disabilities like chronic diseases, learning disabilities, and psychiatric disabilities, who may warrant disability-related classroom accommodations should contact me during the first week of class.

USEFUL RESOURCES:

1. CLASS CANVAS SITE
2. DARTMOUTH LIBRARY

Economics librarian: John Cocklin at John.Cocklin@dartmouth.edu

You should contact John with questions about the available data or sources for your paper. Please email John to set up an appointment and plan to meet with John well ahead of the class deadlines. Please be specific in your email about your research project and data needs. John has compiled a wonderful web site with many links to economics datasets and economics journals at <http://researchguides.dartmouth.edu/economics>

2. STATA ASSISTANCE

Location: Jianjun Hua, Statistical Packages Consultant, at statistical.consulting@dartmouth.edu or jianjun.hua@dartmouth.edu .

Basic information about how to install STATA, FAQ about STATA, STATA tutorials, and how to obtain help using STATA is available at:

<http://www.dartmouth.edu/comp/soft-comp/software/statistics/students.html>

If the student needs assistance with finding data, they will be referred to the library. The consultant provide help installing STATA, can answer basic questions about STATA, can help students transfer data to STATA, and answer questions about programming in STATA.

Further information about STATA, online tutorials, and help using STATA is available at

http://researchguides.dartmouth.edu/statapp_koujue

ECONOMICS DEPARTMENT WILL ALSO ARRANGE FOR A STUDENT STATA HELPER. PLEASE CHECK CANVAS FOR OFFICE HOURS FOR STATA HELPER.

SCHEDULE

DATE		TOPIC	REQUIRED READING	PROJECT DEADLINES
01/05	Monday	Introduction		
INSTITUTIONS AND TRADE				
01/07	Wednesday	No Class		
01/08	Thursday X Hour	A Guide to Conducting an Empirical Research Project	Wooldridge, Chapter 19: Carrying out an Empirical Project	
01/09	Friday	The WTO and Trade	Rose	
01/12	Monday	Stata Refresher Workshop: The WTO and Trade	Rose	
01/14	Wednesday	Trade costs and trade: Ebay	Lendle et. al.	
01/15	Thursday X Hour	Discussion of student projects		Preliminary ideas
01/16	Friday	Commercial Imperialism and Trade	Berger, Easterly, Nunn, Satyanath	
01/19	Monday	No Class		
01/20	Tuesday			Topics Due noon
TRADE AND GROWTH				
01/21	Wednesday	Trade and Growth: An overview	Rodriguez and Rodrik (pages 1-13), Irwin Ch. 2 and 6 (skim both)	Comments on student projects due on Blackboard by 7pm
01/22	Thursday X Hour	Discussion of student projects and data sources		
01/23	Friday	Trade and growth: Is there a link?	Frankel and Romer, RR pp. 54-56, Feyrer	
01/26	Monday	Growth and Great Trade Liberalizations	Estevadeordal and Taylor	
01/28	Wednesday	Trade and Productivity: Firms in Developed Countries	Bernard, et. al., Bloom, et. al.	
01/30	Friday	STATA workshop and discussion of student projects		
02/02	Monday	Trade and Productivity: Firms in Emerging Markets	Bustos, Topalova and Khandelwal	
02/04	Wednesday	STATA workshop and discussion of student projects		Literature Review and Methodology Due

DATE		TOPIC	REQUIRED READING	PROJECT DEADLINES
TRADE AND LABOR MARKETS				
02/05	Thursday X Hour	Trade and the American Workers: China Syndrome	Autor et. al. (2013)	
02/06	Friday	No class		
02/09	Monday	Trade and the American Workers: Adjustment	Autor et. al. (2014)	
02/11	Wednesday	Trade and Poverty	Topalova (2010), McCaig (2011)	
02/12	Thursday X Hour	Do IT Service Centers Promote School Enrollment?	Oster and Steinberg (2013)	
02/13	Friday	Fair trade: Does it Matter?	Dragushanu and Nunn (2014)	
02/16	Monday	STATA tutorial and discussion of student projects		Data Set Due
02/18	Wednesday	Project Tutorials		
02/20	Friday	Project Tutorials		
02/23	Monday	Project Tutorials		
02/25	Wednesday	Project Tutorials		
02/27	Friday	Discussion of student projects		Preliminary analysis due 10 am
03/02	Monday	Student Project Presentations		
03/04	Wednesday	Student Project Presentations		
03/05	Thursday X Hour	Student Project Presentations		
03/06	Friday	Student Project Presentations		
03/09	Monday			Paper Due 3pm

READING LIST

You only need to submit reading evaluations for the required readings, not for surveys or recommended readings. The recommended readings consist of literature surveys or articles that are related to the work discussed in the class. These surveys should provide a good starting point for your research papers.

I have posted links to all these readings in Canvas. There, I also provide brief notes for some of these readings that will guide you through various articles. I will be adding additional material to Canvas throughout the term, so make sure you check the site before each class.

1. INSTITUTIONS AND TRADE

REQUIRED READINGS

Rose, Andrew (2005). "Do We Really Know that WTO Increases Trade?" *American Economic Review*

Lendle, et. al. (2012). "There Goes Gravity: How eBay Reduces Trade Costs," *World Bank Policy Research Working Paper*

Berger, et. al. (2013). "Commercial Imperialism? Political Influence and Trade During Cold War," *American Economic Review*

RECOMMENDED READINGS:

Irwin, D. "Free Trade Under Fire," Chapter 7 "The World Trading System: the WTO, Trade Disputes, and Regional Agreements,"

Subramanian, A. and Wei, S. (2007). "The WTO promotes trade, strongly but unevenly," *Journal of International Economics*.

Rose, A. (2004). "Do WTO members have more liberal trade policy?" *Journal of International Economics*

Andy Rose's web site contains many papers (and data sets) on the effects of WTO on trade.

Frankel, J. (2009) "The Estimated Effects of the Euro on Trade: Why are They Below Historical Evidence on Effects of Monetary Unions Among Smaller Countries?" published in *Europe and the Euro*.

Frazer, G. and J. Van Biesebroeck (2008). "Trade Growth under the African Growth and Opportunity Act," *Review of Economics and Statistics*

2. INTERNATIONAL TRADE AND GROWTH

REQUIRED READINGS

- Frankel, J. A. and Romer, D. (1999), "Does trade cause growth?," *American Economic Review*
- Feyrer, J. (2009). "Distance, Trade, and Income--The 1967 to 1975 Closing of the Suez Canal as a Natural Experiment, *NBER Working Paper*.
- Estevadeordal, A. and A. Taylor (2013). "Is the Washington Consensus Dead? Growth, Openness, and the Great Liberalization, 1970s-2000s," *Review of Economics and Statistics*.
- Bernard, A., B. Jensen, P. Schott (2006). Survival of the Best Fit: Exposure to Low-Wage Countries and the (Uneven) Growth of US Manufacturing Plants," *Journal of International Economics*
- Bloom, N. M. Draca, and J. Van Reenen (2012). "Trade induced technical change? The impact of Chinese imports on innovation, diffusion, and productivity," *Mimeo*.
- Bustos, P. (2011). "Trade liberalization, Exports, and Technology Upgrading: Evidence on the impact of MERCOSUR on Argentinean Firms, *American Economic Review*.
- Topalova, P and A. Khandelwal. (2010). "Trade Liberalization and Firm Productivity: the Case of India," *Review of Economics and Statistics*

SURVEYS/RECOMMENDED READINGS

- Irwin, D. Chapter 2 (The Case of Free Trade: Old Theories, New Evidence) and Chapter 6 (Developing Countries and Open Markets) in *Free Trade Under Fire*.
- RR-Rodriguez, Francisco and Dani Rodrik (1999). "Trade Policy and Economic Growth: A Skeptic's Guide to the Cross-National Evidence," *NBER Working Paper No. 7081*.
- Sachs, Jeff and Andrew Warner (1995), "Economic Reform and the Process of Global Integration," *Brookings Papers on Economic Activity*

3. INTERNATIONAL TRADE AND LABOR MARKETS

REQUIRED READINGS

- Autor, D. Dorn, D, and Hanson, G (2013). "The China Syndrome: Local Labor Market Effects of Import Competition in the United States," *American Economic Review*.
- Autor, D. Dorn, D, Hanson, G., and J. Song (forthcoming): "Trade Adjustment: Worker Level Evidence," *Quarterly Journal of Economics*.

Topalova, P. (2010). "Factor Immobility and Regional Impacts of Trade Liberalization: Evidence on Poverty from India" *American Economic Journal: Applied Economics*

McCaig, B (2011). "Exporting out of poverty: Poverty in Vietnam and U.S. market access" *The Journal of International Economics*

Oster, E. and Steinberg, B. (2013). "Do IT Service Centers Promote School Enrollment? Evidence from India," *Journal of Development Economics*

Dragusanu, R. and Nunn, N. (2014). "The Impacts of Fair Trade Certification: Evidence from Coffee Producers in Costa Rica," *Harvard mimeo*.

RECOMMENDED READINGS/SURVEYS

Irwin, D. Chapter 4 (Trade, Jobs, and Income Distribution) in *Free Trade Under Fire*.

Goldberg, P. (2014). "Introduction" to a forthcoming book on Trade, Wage, and Inequality

Goldberg P., and N. Pavcnik (2007). "Distributional Effects of Globalization in Developing Countries," *Journal of Economic Literature*