

## **Econ 4415 International Trade - Autumn 2011**

Lecturer: Per Botolf Maurseth  
BI – Norwegian Business School  
Department of Economics  
Email: Per.B.Maurseth@bi.no

Lectures: Monday 14.15-16.00  
Room: ES (119) Aud 3

Seminars: Thursdays 16.15-18.00 (every second Thursday, starting  
8. September  
Room: HH 101 Seminarom  
Seminars given by Gry Tengmark Østenstad

### **Reading list:**

Lecture notes:

Lecture notes will be published before each lecture.

Lecture notes are both ppt files and lecture notes written by Karen Helen Ulltveit-Moe for the Fall semester 2010.

Text books:

Dixit, A. and V. D. Norman (1980) *Theory of International Trade: A Dual, General Equilibrium Approach*, Cambridge University Press

Feenstra, R. C. (2004) *Advanced International Trade – Theory and Evidence* Princeton University Press,

Krugman, P. (1991) *Geography and Trade* MIT Press

Krugman, P. (1994) *Rethinking International Trade* MIT Press

Article:

Dornbusch, R., Fischer S., and Samuelson P.: "Comparative Advantage, Trade and Payments in a Ricardian Model with a Continuum of Goods " in *American Economic Review* 67, 1977. pp. 823-839.

Supplementary reading (may be useful)

Helpman, E. and P. Krugman (1985) *Market Structure and Foreign Trade* MIT Press

Krugman, P, M. Obstfeld and M. J. Melitz (2011) *International Economics – Theory and Policy* Pearson

Norman, V. and L. Orvedal (2010) *En liten, åpen økonomi* Gyldendal Akademisk.

Supplementary articles:

Bernard, A. B. J. Eaton, B. Jensen and S. Kortum (2003) “Plants and productivity in International Trade” *American Economic Review* 93 (4), 1268-1290.

Chaney, T. (2008) “Distorted Gravity: The intensive and Extensive Margins of International Trade” *American Economic Review*, 98 (4), 1707-1721.

Freeman, Richard B.: "Trade Wars: The Exaggerated Impact of Trade in Economic Debate" in 2003. NBER Working Paper 10000.

Krugman, P. (1993) “What do undergrads need to know about trade?” *American Economics Review* 83 (2), 23-26

Krugman, P. R. and A. J. Venables: "Globalization and the inequality of nations" in *Quarterly Journal of Economics* 110, 1995. pp. 857-880.

Melitz, M. J. (2003) “The Impact of Trade in Intra-Industry Reallocations and Aggregate Industry Productivity” *Econometrica* 71 (6), 1695-1725.

Ottaviano, G. I. P. and D. Puga : "Agglomeration in the global economy: a survey of the “new economic geography”" in *World Economy* 25, 1998. pp. 707-731.

## Tentative lecture plan:

1. Introduction
  - a. The importance of international trade
  - b. What do we need trade theory for?
  - c. An overview of topics in the course
  - d. General Equilibrium and the gains from trade
  - e. Comparative advantage: The Ricardian model– an introduction
    - Krugman (1993)
    - Freeman (2003)
    - Krugman (1994) Ch. 5
    - Dixit and Norman Ch. 1,2,3
    - Feenstra, Ch. 1,
    - Dornbusch, Fischer and Samuelson (1977)
    - Lecture notes
    - Ulltveit-Moe (2010) Gains
    - Ulltveit-Moe (2010) Ricardo
  
2. Comparative advantage: The Ricardian model
  - Dixit and Norman Ch. 2-4
  - Feenstra Ch. 1
  - Dornbusch, Fischer and Samuelson (1977)
  - Lecture notes
  - Ulltveit-Moe (2010) Ricardo
  
3. Resources, comparative advantages and income distribution
  - Dixit and Norman Ch. 2-4
  - Feenstra, Ch. 1, 2
  - Lecture notes
  - Ulltveit-Moe (2010) HOS
  
4. Resources, comparative advantages and income distribution
  - Dixit and Norman Ch. 2-4
  - Feenstra, Ch. 1, 2
  - Lecture notes
  - Ulltveit-Moe (2010) HOS
  
5. Resources, comparative advantages and income distribution
  - Dixit and Norman Ch. 2-4
  - Feenstra, Ch. 1, 2

Lecture notes  
Ulltveit-Moe (2010) HOS

6. The specific factor model (Ricardo-Viner)
  - Dixit and Norman Ch 4
  - Feenstra, Ch. 3 (in particular pp 71-75)
  - Lecture notes
  - Ulltveit-Moe (2010) Specific Factor
  
7. The specific factor model (Ricardo-Viner)
  - Dixit and Norman Ch 4
  - Feenstra, Ch. 3 (in particular pp 71-75)
  - Lecture notes
  - Ulltveit-Moe (2010) Specific Factor
  
8. Imperfect competition and economies of scale
  - Dixit and Norman Ch. 9
  - Krugman (1980)
  - Feenstra, Ch. 5
  - Krugman (1994), Ch. 1 and 2
  - Lecture notes
  - Ulltveit-Moe (2010) Imperfect competition and trade, part 1.
  - Ulltveit-Moe (2010) Imperfect competition and trade, part 2.
  
9. Imperfect competition and economies of scale
  - Dixit and Norman Ch. 9
  - Krugman (1980)
  - Feenstra, Ch. 5
  - Krugman (1994), Ch. 1 and 2
  - Lecture notes
  - Ulltveit-Moe (2010) Imperfect competition and trade, part 1.
  - Ulltveit-Moe (2010) Imperfect competition and trade, part 2.
  
10. Economic Geography
  - Krugman (1991)
  - Krugman and Venables (1995)
  - Ottaviano and Puga (1998)
  - Lecture notes
  - Ulltveit-Moe (2010) New Economic Geography, part 1
  - Ulltveit-Moe (2010) New Economic Geography, part 2
  
11. Economic Geography

Krugman (1991)  
Krugman and Venables (1995)  
Ottaviano and Puga (1998)  
Lecture notes  
Ulltveit-Moe (2010) New Economic Geography, part 1  
Ulltveit-Moe (2010) New Economic Geography, part 2

12. The Gravity equation

Feenstra ch. 5  
Lecture notes

13. Trade and heterogenous firms

Bernard et al. (2003)  
Chaney (2008)  
Melitz (2003)  
Lecture notes

14. Open.

Evaluation: Three hour individual exam