ECON 624/824: International Trade
Fall 2020

Tuesdays and Thursdays 1.45pm – 3pm
Online, using Zoom

Instructor: Rafael Dix-Carneiro
Email: rafael.dix.carneiro@duke.edu
Office Hours: TBD

Instructor: Daniel Yi Xu
Email: daniel.xu@duke.edu
Office Hours: TBD

Course Outline

1. The Ricardian Model – Rafael Dix-Carneiro (6 Lectures)

Required Readings


Additional Readings


2. Trade with Heterogeneous Firms—Daniel Xu (2 Lectures)

Lecture 1: Basics


Lecture 2: Empirical Studies related to scale and selection


3. The Gravity Equation – Rafael Dix-Carneiro (2 Lectures)

Feenstra, Chapter 5


4. Trade and Heterogeneous Firms: Extensions (2 Lectures)

Lecture 4: Trade and Markups


Lecture 5: Export Dynamics

Drozd and Nosal (2012), “Understanding International Prices: Customers as Capital”, AER

5. Multinational Firms – Daniel Xu (4 Lectures)

Multinational Firms and the Structure of International Trade, Handbook of International Economics, Antras and Yeaple

Lecture 1: Horizontal FDI

Brainard, (1997), An Empirical Assessment of the Proximity-Concentration Trade-off between Multinational Sales and Trade, AER

Lecture 2: Vertical FDI

Alfaro and Charlton (2009), Intra-industry Foreign Direct Investment, AER
Ramondo, Rappoport, Ruhl, (2016), Intra-firm Trade and Vertical Fragmentation in U.S MNC, JIE

Lecture 3: Quantitative Models
Tintelnot, (2017), Global Production with Export Platforms, QJE

Lecture 4: FDI Spillovers
Aitken and Harrison, (1999), “Do Domestic Firms Benefit from Direct Foreign Investment?”, AER
Setzler and Tintelnot, “The Effects of Foreign Multinationals on Workers and Firms in the United States”

6. Trade and Labor – Rafael Dix-Carneiro (5 Lectures)

Reduced-Form Studies


Structural/ Quantitative Studies


7. Trade and Firm Networks – Daniel Xu (3 Lectures)

Lecture 1: Information and search friction
Allen, (2014), Information Frictions in Trade, Econometrica
Bernard, Moxnes, and Saito (2020), Production Networks, Geography, and Firm Performance, JPE
Chaney, (2014), The Network Structure of International Trade, AER

Lecture 2: Endogenous Network Formation in Trade
Lim, (2020), Endogenous Production Networks and the Business Cycle (with empirics from Huenees (2020))
Oberfield, (2018), A Theory of Input-Output Architecture

Lecture 3: Supply Chain Disruption and Specificity
Carvalho, Nirei, Saito, Tahbaz-Salehi, “supply Chain disruptions: Evidence from the Great East Japan Earthquake”

A few optional topics:
Better identification of spillovers
Trade intermediation
Grant and Starz, “Cutting out the Middleman: The Structure of Chains of Intermediation”

Grading and Assignments
Students will be graded according to the following mandatory assignments, with final weights in parenthesis.

Rafael Dix-Carneiro: 1 problem set (15%) and one computation exercise (35%)

Daniel Yi Xu: 1 referee report (15%) and one computation exercise (35%)