

International Trade and Investment

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Kiel Institute for World Economics
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This course will cover advanced topics in international trade and investment, many of which will expand upon the theme of my 2006 Bernard Harms lecture “New Evidence on the Gains from Trade.” Included in the readings are chapters 4, 5, 10 and Appendix A from my textbook:

Robert C. Feenstra, 2004, *Advanced International Trade* (Princeton University Press)

Readings: (* Required; ** Required and provided with the electronic readings)

September 12: Outsourcing

***Advanced International Trade*, chapter 4. “Trade in Intermediate Inputs”

** Bergin, Paul, Robert C. Feenstra, and Gordon H. Hanson, 2006, “Outsourcing and Volatility” (*draft provided*)

* Feenstra, Robert C. and with Gordon H. Hanson, 1999, “The Impact of Outsourcing and High-Technology Capital on Wages: Estimates for the U.S., 1979-1990,” *Quarterly Journal of Economics*, August, 114(3), 907-940.

** Feenstra, Robert C., “A Homothetic Utility Function for Monopolistic Competition Models, Without Constant Price Elasticity,” *Economic Letters*, 78, 2003, 79-86.

September 13: Monopolistic Competition and Product Variety

***Advanced International Trade*, chapter 5. “Increasing Returns and the Gravity Equation”

***Advanced International Trade*, chapter 10, section on “Measuring Product Variety”

* Broda, Christian and David E. Weinstein, 2006, “Globalization and the Gains from Trade,” *Quarterly Journal of Economics*, May, 121(2), 541-585, NBER working paper no. 10314, <http://papers.nber.org/papers/w10314>

* Feenstra, Robert C., 1994, “New Product Varieties and the Measurement of International Prices,” *American Economic Review*, 84(1), March, 157-177.

Broda, Christian, Nuno Limao and David E. Weinstein, 2006, “Optimal Tariff: The Evidence,” NBER working paper no. 12033, <http://papers.nber.org/papers/w12033>

Hummels, David L. and Klenow, Peter J., 2005, "The Variety and Quality of a Nation's Trade," *American Economic Review*, 95(3), June 704-723.

Rigobon, Roberto, 2003, "Identification Through Heteroskedasticity," July, *Review of Economics and Statistics*, 85 (4), 777-792.

September 14: Endogenous Technology and Growth

***Advanced International Trade*, chapter 10, "Trade and Endogenous Growth," other sections.

** Feenstra, Robert C. and Hiau Looi Kee, 2004, "Export Variety and Country Productivity," NBER Working Paper no. 10830. (*revised version provided*)

* Melitz, Marc J., 2003, "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity," *Econometrica*, 71(6), 1695-1725.

Broda, Christian, David Greenfield, and David E. Weinstein, 2006, "From Groundnuts to Globalization: A Structural Estimate of Trade and Growth," University of Chicago and Columbia University.

Chaney, Thomas, 2005, "Distorted Gravity: Heterogenous Firms, Market Structure and the Geography of International Trade," University of Chicago,
<http://home.uchicago.edu/~tchaney/research/DistortedGravity.pdf>

September 15: Measuring Real GDP and the Terms of Trade

** *Advanced International Trade*, Appendix A

** Feenstra, Robert C., Alan Heston, Marcel P. Timmer, and Haiyan Deng, 2004, "Estimating Real Production and Expenditures Across Countries: A Proposal for Improving the Penn World Tables," NBER Working Paper no. 10866. (*revised version provided*)

* Neary, Peter, 2004, "Rationalizing the Penn World Tables: True Multilateral Indices for International Comparisons of Real Income," *American Economic Review*, 94(5), December, 1411-1428.

Kohli, Ulrich R., 2004, "Real GDP, Real Domestic Income, and Terms-of-Trade Changes," *Journal of International Economics*, 62(1), January, 83-106.