

Firms and Workers in the Global Marketplace

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Course Description

The main objectives of the course are: (1) Make you familiar with some of the most important and policy-relevant questions in the field of International Trade as well as the methodologies used to address them; (2) Teach you how to critically evaluate empirical work in this area and Applied Microeconomics more generally; (3) Provide you with the tools to start your own research.

The course is primarily oriented towards microeconomic empirical work, but the empirical work discussed will typically have a close tie to a theoretical model. The basic structure of the course will involve presentation and discussion of papers. Active participation from you through questions and comments will make for a better course!

Tentative Course Outline and Readings

PART I: Firms in Global Markets

A. Effects of Trade on Productivity

The following 4 papers provide methodological background:

Olley, Steven G. and Ariel Pakes, "The Dynamics of Productivity in the Telecommunications Equipment Industry," *Econometrica*, 1996, 64, pp. 1263-1297.

Levinsohn, J. and A. Petrin, "Estimating Production Functions Using Inputs to Control for Unobservables", *Review of Economic Studies*, 2003, Vol. 70, pp. 317-342.

Ackerberg, D, K. Caves and G. Frazer, “Identification Properties of Recent Production Function Estimators”, *Econometrica*, 2015, 83, pp. 2411-2451

See also U.C.L.A. mimeo, 2006, available at

<http://www.econ.ucla.edu/ackerber/ACF20withtables.pdf>

Klette, T.J. and Z. Griliches, “The Inconsistency of Common Scale Estimators When Output Prices are Unobserved and Endogenous”, *Journal of Applied Econometrics*, 1996, vol. 114, 343-361.

Nina Pavcnik, “Trade Liberalization, Exit, and Productivity Improvements: Evidence from Chilean Plants,” *The Review of Economic Studies*, 69, January 2002, pp. 245-26.

Fernades, Ana, “Trade Policy, Trade Volumes, and Plant-Level Productivity in Colombian Manufacturing Industries”, *Journal of International Economics*, Vol. 71(1), 2007, pp. 52-71.

Amiti, M. and J. Konings, “Trade Liberalization, Intermediate Inputs, and Productivity”, *American Economic Review*, Dec. 2007, vol. 97(05), pp. 1611-1638.

De Loecker, J., “Product Differentiation, Multi-Product Firms and Estimating the Impact of Trade Liberalization on Productivity”, 2011, *Econometrica*, Vol. 79, No. 5 (September), 1407–1451.

De Loecker, J. and P. Goldberg: “[Firm Performance in a Global Market](#),” *The Annual Review of Economics*, Vol. 6, Aug. 2014, pp. 201-227.

De Loecker, J. and F. Warzynski: “[Markups and Firm-level Export Status](#)”, *The American Economic Review*, 2012, Vol. 102, No. 6. (October), 2437-2471

De Loecker, J., P. Goldberg, A. Khandelwal and N. Pavcnik, “[Prices, Markups and Trade Reform](#)”, *Econometrica*, Vol.84, 2, March 2016, pp. 445-510.

B. Studies of the Law of One Price, Exchange Rate Pass-through, and Pricing-to-Market and their Relation to Variable Markups

Knetter, Michael, “Price Discrimination by U.S. and German Exporters”, *American Economic Review*, 79(1), March 1989, pages 198-210.

Goldberg, Pinelopi and Michael Knetter, “Goods Prices and Exchange Rates: What Have We Learned?” *Journal of Economic Literature*, 35(3), September 1997, pages 1243-72.

Goldberg, Pinelopi and Frank Verboven, “The Evolution of Price Dispersion in European Car Markets”, *Review of Economic Studies*, October 2001, pages 811 - 848.

Goldberg, Pinelopi and R. Hellerstein, “A Structural Approach to Explaining Incomplete Exchange Rate Pass-through and Pricing-To-Market”, *American Economic Review*, May 2008, pp. 423-29. Pre-publication version can be read here: [Passthrough Short](#)

Nakamura, E. and D. Zerom. 2010. “Accounting for Incomplete Pass-Through,” *Review of Economic Studies*, vol. 77, pp. 1192-1230.

Goldberg, Pinelopi and R. Hellerstein, “A Structural Approach to Identifying the Sources of Local-Currency Price Stability”, *Review of Economic Studies*, March 2012.

C. Intellectual Property Rights Protection in the Global Economy

Goldberg, Pinelopi: “Intellectual Property Rights Protection in Developing Countries: The Case of Pharmaceuticals”, *Journal of the European Economic Association*, Volume 8, April-May 2010, pp. 326-53.

Grossman, G. and E. Lai, “International Protection of Intellectual Property,” *American Economic Review*, vol. 94, no.5, December 2004.

Chaudhuri, S., P. Goldberg and P. Jia, “Estimating the Effects of Global Patent Protection in Pharmaceuticals: A Case Study of Quinolones in India”, *American Economic Review*, December 2006, pp. 1477-1513.

PART II: Workers in Global Markets

D. Distributional Effects of Trade

i. General Background

Goldberg, P.: [Introduction](#) to book on “*Trade and Inequality*”, edited by P. K. Goldberg, Edward Elgar Research Collections, May 2015.

Wood, A., “How Trade Hurt Unskilled Workers”, *Journal of Economic Perspectives*, Summer 1995, vol. 9, no.3, pp. 58-80.

Goldberg, P. and N. Pavcnik, “Distributional Effects of Globalization in Developing Countries”, *Journal of Economic Literature*, March 2007, 45(1), pp. 39-82.

ii. Quality Upgrading and Inequality

Khandelwal, A., “The Long and Short (of) Quality Ladders,” *Review of Economic Studies*, 77(4), 1450-1476, 2010 available at:
http://www0.gsb.columbia.edu/faculty/akhandelwal/papers/ladders_81.pdf

Verhoogen, E., “Trade, Quality Upgrading and Wage Inequality in the Mexican Manufacturing Sector,” *Quarterly Journal of Economics*, vol. 123, no. 2, May 2008, available at:
<http://www.columbia.edu/~ev2124/research/VerhoogenQJEMay2008.pdf>

iii. Identifying the Effects of Trade: Absolute vs. Relative Effects

Porto, G., “Using Survey Data to Assess the Distributional Effects of Trade Policy,” *Journal of International Economics*, vol. 70, 2006.

Goldberg, Pinelopi and Nina Pavcnik, “Trade, Wages, and the Political Economy of Trade Protection: Evidence from the Colombian Trade Reforms”, *Journal of International Economics*, May 2005, pp. 75-105.

Goldberg, P. and N. Pavcnik, “The Response of the Informal Sector to Trade Liberalization”, *Journal of Development Economics*, 72, 2003, pp. 463-496.

Topalova, P., “Trade Liberalization, Poverty and Inequality: Evidence from Indian Districts”, NBER Working Paper 11614, September 2005, available at:
<http://www.nber.org/papers/w11614>, published in [Globalization and Poverty](#) (2007), University of Chicago Press

Topalova, P., “Factor Immobility and Regional Impacts of Trade Liberalization: Evidence on Poverty from India, *American Economic Journal: Applied Economics*, 2010, 4, 1-41.

Kovak, B., [Regional Effects of Trade Reform: What is the Correct Measure of Liberalization?](#), *American Economic Review*, 2013, 103(5): 1960-1976

iv. The China Syndrome

Autor, D., D. Dorn and G. Hanson, “[The China Syndrome: Local Labor Market Effects of Import Competition in the United States](#)”, *American Economic Review* 103(6), 2013, pp. 2121-68.

Pierce, J. and P. Schott, “[The Surprisingly Swift Decline of U.S. Manufacturing Employment](#)”, *American Economic Review* 106(7), 2016, pp. 1632-62.

v. Adjustment Costs and Dynamics

Dix-Carneiro, R. and B. Kovak: [Trade Liberalization and Regional Dynamics](#), *American Economic Review* 107(10), 2017, pp. 2908-46.

Artuç, E.; Chaudhuri, S. and McLaren, J. (2010) "Trade Shocks and Labor Adjustment: A Structural Empirical Approach," *American Economic Review*, 100(3), pp. 1008-45.

Dix-Carneiro, R.: [Trade Liberalization and Labor Market Dynamics](#), *Econometrica*, 2014, Volume 82 Issue 3, pp. 825-885.

Traiberman, S. “[Occupations and Import Competition: Evidence from Danish Matched Employee-Employer Data](#)”, mimeo, August 2016.