

International Trade and the Macroeconomy (GSEFM, Summer Semester 2015)

Course information

(as of January 23, 2015)

FACHBEREICH 03
Rechts- und Wirtschaftswissenschaften

Lehrstuhl für Volkswirtschaftslehre,
insb. International Economics

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Course Contents and Objectives

For a long time, macroeconomic theory and the theory of international trade have been leading separate lives, with the former field elaborating dynamic models of business cycle fluctuations and growth, and the latter focusing on a sophisticated goods space and the implications of alternative market structures. Quite recently, however, the two areas have started to converge. This allows us to confront a whole set of interesting questions: through which channels does international trade affect growth and macroeconomic volatility? How do trade and international capital flows interact? What are the growth effects of the recent trend towards international production networks? The goal of this course is to introduce students to some classic and some more recent contributions in this field, and to discuss how further research might advance our understanding of international goods and asset markets.

Course Structure and Selected Literature

The topics covered as well as a selective list of references are given below:

- Growth in Open Economies

Baxter (1992)

Ventura (1997)

Acemoglu and Ventura (2002)

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- International Trade and International Capital Flows

Antras and Caballero (2009)

Jin (2012)

- Trade, the Real Exchange Rate, and Macroeconomic Fluctuations

Ghironi and Melitz (2005)

- International Offshoring and Growth

Rodriguez-Clare (2010)

Acemoglu et al. (2014)

Note that this list may be subject to changes

Grading:

The course awards 4 ECTS.

Grades will be based on students' active participation in the course, the solution of one problem set, as well as a short term paper to be delivered by the end of September 2015. This text should discuss the contribution as well as strengths/shortcomings of one of the papers covered in class. It should provide an overview of the relevant literature and outline possible directions for future research.

The course may be assigned to the fields *Development and International Economics* and *Macroeconomics*.

Times and places:

Start (first lecture): Monday, June 1, 2015; 10.00 a.m. – 2.00 p.m.

End (last lecture): Monday, July 13, 2015; 10.00 a.m. – 2.00 p.m.

Room: Chicago, HoF 3.36

Note: Following GSEFM rules, students should register during the first two weeks of the course. An active and regular participation is expected.

Selected Literature

Acemoglu, D. and J. Ventura (2002): „The World Income Distribution“, *Quarterly Journal of Economics* 117, 659-694.

Acemoglu, D., G. A. Gancia, and F. Zilibotti (2014): “Offshoring and Directed Technical Change”, unpublished paper, available at http://crei.cat/people/gancia/Acemoglu_Gancia_Zilibotti_June24_2014.pdf.

Antras, P. and R.J. Caballero (2009): “Trade and Capital Flows: A Financial Frictions Perspective”, *Journal of Political Economy* 117, 701-744.

Baxter, M. (1992): “Fiscal Policy, Specialization, and Trade in the Two-Sector Model: The Return of Ricardo?”, *Journal of Political Economy* 100, 713-744.

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

Ghironi, F. and M.J. Melitz (2005): “International Trade and Macroeconomic Dynamics with Heterogeneous Firms”, *Quarterly Journal of Economics*, 865-915.

Jin, K. (2012): “Industrial Structure and Capital Flows”, *American Economic Review* 102, 2111-2146.

Rodriguez-Clare, A. (2010): “Offshoring in a Ricardian World”, *American Economic Journal: Macroeconomics* 2, 227-258.

Ventura, J. (1997): „Growth and Interdependence“, *Quarterly Journal of Economics* 112, 57-84.

Contact:

For further information on this course, please contact LsHarms@uni-mainz.de.