

International Trade and the Macroeconomy (GSEFM, Summer Semester 2021)

Course information

(as of February 14, 2021)

FACHBEREICH 03
Rechts- und Wirtschaftswissenschaften

Lehrstuhl für Volkswirtschaftslehre,
insb. International Economics

Univ.-Prof.
Dr. Philipp Harms

Johannes Gutenberg-Universität Mainz
Jakob-Welder-Weg 4
55128 Mainz
Germany

Tel. +49 6131 39-22559
Fax +49 6131 39-25527

LsHarms@uni-mainz.de

www.international.economics.uni-mainz.de

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. (2015)

Note that this list is preliminary and may be subject to changes

Program Learning Goals

- LGPHD-1: Mastering state-of-the-art modelling approaches and research methodology in economics.
- LGPHD-2: Ability to go beyond the current state of knowledge and adduce novel findings, possibly in inter- or transdisciplinary form, for current research questions in economics.
- LGPHD-4: Ability to effectively communicate, in both written and oral forms, to audiences of experts and non-experts concerning topics in economics.

Grading:

The course awards 4 ECTS.

Grades will be based on students' active participation in the course (20%) and a short term paper to be delivered by mid-September 2021 (80%). 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*.

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Times and places (preliminary):

Start (first lecture): Monday, May 31, 2021; 10.00 a.m. – 2.00 p.m.

End (last lecture): Monday, July 12, 2021; 10.00 a.m. – 2.00 p.m.

Room: SH 0.109
[provided that standard classroom teaching is possible by May 2021.
Otherwise, the lecture will be delivered **online**.]

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 (2015): “Offshoring and Directed Technical Change”, *American Economic Journal: Macroeconomics* 7, 84-122.

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.