

JOHANNES GUTENBERG-UNIVERSITÄT MAINZ – D 55099 Mainz

International Trade and the Macroeconomy (GSEFM, Summer Semester 2025)

Course Information

(as of January 26, 2025)

FACHBEREICH 03

Rechts- und Wirtschaftswissenschaften

Lehrstuhl für Volkswirtschaftslehre,
insb. International EconomicsUniv.-Prof.
Dr. Philipp HarmsJohannes Gutenberg-Universität Mainz
Jakob-Welder-Weg 4
55128 Mainz
GermanyTel. +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? How do financial market imperfections affect trade patterns? What are the growth effects of offshoring and global value chains? The goal of this course is to introduce students to both classic and more recent contributions to this research program, and to discuss how further analyses might advance our understanding of international goods and asset markets as well as macroeconomic fluctuations and growth.

The course will consist of a set of lectures which I will use to present the structure and results of some important papers. While we will touch upon empirical tests and quantitative analyses, the focus will be on motivation, modelling strategies, and economic interpretation. The second part of the course will be devoted to exercise sessions, during which students present the solutions to selected problems. Ideally, participants will take away a birds-eye view on the intersection of trade and macroeconomics, as well as some inspiration for their own research.

Topics and Selected Literature (preliminary)

International trade, capital accumulation, and growth:

Baxter (1992), Ventura (1997), Acemoglu and Ventura (2002), Alvarez (2017), Ravikumar et al. (2019).

International trade and international capital flows:

Antras and Caballero (2009), Jin (2012), Ju et al. (2021), Dix-Carneiro et al. (2023).

International trade and macroeconomic fluctuations:

Cunat and Maffezzoli (2004), Ghironi and Melitz (2005), Barattieri et al. (2021), Cacciatore and Ghironi (2021), Bergin (2023).

Macroeconomic implications of offshoring and global value chains:

Rodriguez-Clare (2010), Acemoglu et al. (2015), Sposi et al. (2021).

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

Competency 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 6 ECTS. Grades will be based on students' active participation in the course, including the solution of problem sets (40%), and a short term paper to be delivered by mid-September 2025 (60%). 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 (preliminary):

We will meet eight times in the second half of the summer semester 2024.

Start (first lecture): Monday, May 26, 2025

End (last lecture): Monday, July 21, 2025

No lecture on June 9, 2025 (Whit Monday)

Hours: 10.00-12.00 am / 12.30-2.00 pm

Room: HoF 1.27 / Dubai

Contact:

Students who are planning to attend this course are kindly requested to send an email to LsHarms@uni-mainz.de. This will enable us to provide participants with timely information.

For further requests, please send an email to the same address.

Literature (preliminary)

- 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.
- Alvarez, F. (2017): “Capital accumulation and international trade”, *Journal of Monetary Economics* 91, 1-18.
- Antras, P. and R.J. Caballero (2009): “Trade and Capital Flows: A Financial Frictions Perspective”, *Journal of Political Economy* 117, 701-744.
- Barattieri, A., M. Cacciatore, F. Ghironi (2021): “Protectionism and the business cycle”, *Journal of International Economics* 129, 103417.
- Baxter, M. (1992): “Fiscal Policy, Specialization, and Trade in the Two-Sector Model: The Return of Ricardo?”, *Journal of Political Economy* 100, 713-744.
- Bergin, P. (2023): “Currency undervaluation and comparative advantage”, *European Economic Review* 150, 104316.
- Cacciatore, M. and F. Ghironi (2021): “Trade, unemployment, and monetary policy”, *Journal of International Economics* 132, 103488.
- Cunat, A. and M. Maffezzoli (2004): “Heckscher–Ohlin business cycles”, *Review of Economic Dynamics* 7, 555–585.
- Dix-Carneiro, R., J.P. Pessoa, R. Reyes-Heroles, and S. Traiberman (2023): “Globalization, Trade Imbalances, and Labor Market Adjustment”, *Quarterly Journal of Economics* 138, 1109–1171.
- Feenstra, R. (2015): *Advanced International Trade: Theory and Evidence 2nd edition*, 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.

- Ju, J., K. Shi, and S-J. Wei (2021): "Trade reforms and current account imbalances", *Journal of International Economics* 131, 103451.
- Ravikumar, B., A.. Santacreu, and M. Sposi (2019): "Capital accumulation and dynamic gains from trade", *Journal of International Economics* 119, 93-110.
- Rodriguez-Clare, A. (2010): "Offshoring in a Ricardian World", *American Economic Journal: Macroeconomics* 2, 227-258.
- Sposi, M., K.-M. Yi, and J. Zhang (2021): "Trade Integration, Global Value Chains, and Capital Accumulation", *IMF Economic Review* 69, 505-539.
- Ventura , J. (1997): „ Growth and Interdependence“, *Quarterly Journal of Economics* 112, 57-84.