OBJECTIVES

The aim of the course is to take students to the frontier of theoretical research in international trade. The focus is on the firm-level approach originated from “new trade theory”. Part 1 introduces the fundamental trade model with monopolistic competition. The following three parts show how the research based on that model has evolved in recent years. Three main lines of research are presented: “new economic geography”, firm selection with heterogeneity and firm organization with incomplete contracts.

METHOD

Two morning sessions (1.5 hours each) and two afternoon sessions (1.5 hours each). This is an advanced course for PhD students with a solid microeconomic background. It is entirely based on the discussion of key papers through the analytical derivation of their main results. Active class participation is required as no lecture notes will be made available.

PROGRAM

Compulsory readings are labeled by **.
1. Trade models with imperfect competition: oligopoly and monopolistic competition


2. Inter-industry effects of trade: “home market effect” and agglomeration


3. Intra-industry effects of trade: firm turnover and selection


3. **Intra-firm effects of trade: restructuring and outsourcing**


