

MASTER SEMINAR IN INTERNATIONAL POLITICAL ECONOMICS

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UNIVERSITY OF POTSDAM

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Outline

Why do countries trade with each other? What can they gain? How effective are trade policies? What is the role of large exporting firms in shaping patterns of international exchange and their consequences? Do developing countries face specific challenges when integrating into the global market? And does trade liberalization raise income to a level where countries can afford to protect the environment or does it push pollution-intensive activities into weakly regulated pollution havens?

In this seminar, we will consider a wide range of classic and recent questions in international economics, grouped around the five wider topics of “The gravity model”, “Quantitative trade theory”, “Firms in international trade”, “Trade in developing countries”, and “Trade and the environment”.

For each topic, (i) students will be required to read a background paper to provide all participants with a common ground, (ii) there will be a lecture elaborating on some of the relevant (technical) details, and (iii) there is a pool of potential presentation topics that cast light on specific theoretical

or empirical aspects or applications from which participants can pick one to present to the group and write their term paper on at the end of the term. The course will take place on Tuesdays from 2 to 4 pm. In line with the faculty's current Corona guidelines, we will not meet in person, but rather hold the seminar via Zoom.

The course targets economics master students and can be credited for module MA-S-400 or MA-S-500.

Structure and Topics

Week 1: Organizational introductory meeting

Week 2: Introductory lecture: **Theories of international trade**

Week 3: Lecture: **The gravity model**

- Required reading: Anderson (2011)
- Additional background: Anderson and van Wincoop (2003)

Week 4: Potential presentation topics

- Nonlinear gravity estimation: Santos Silva and Tenreyro (2006)
 - The effect of regional trade agreements: Baier and Bergstrand (2007)
 - Currency unions and trade: Glick and Rose (2016)
 - Non-discriminatory trade policies: Heid, Larch, and Yotov (2017)
 - Consequences of Brexit: Brakman, Garretsen, and Kohl (2018)
 - WTO effect: Larch, Monteiro, Piermartini, and Yotov (2019)
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Week 5: Lecture: **Quantitative trade theory**

- Required reading: Eaton and Kortum (2012)
- Additional background: Eaton and Kortum (2002)

Week 6: Potential presentation topics

- Global trade imbalances: Dekle, Eaton, and Kortum (2008)
- The effects of NAFTA: Caliendo and Parro (2015)
- Global value chains: Antràs and Chor (2018)
- US-Chinese trade war: Bellora and Fontagné (2020)

Week 7: Lecture: **Firms in international trade**

- Required reading: Bernard, Jensen, Redding, and Schott (2007)
- Additional background: Baldwin (2005)

Week 8: Potential presentation topics

- Entry dynamics: Roberts and Tybout (1997)
- Why some firms export: Bernard and Jensen (2004)
- Trade and FDI: Helpman, Melitz, and Yeaple (2004)
- Extensive margin of trade: Helpman, Melitz, and Rubinstein (2008)

Week 9: Lecture: **Trade in developing countries**

- Required reading: Atkin and Khandelwal (2020)

Week 10: Potential presentation topics

- Trade liberalization in India: Topalova and Khandelwal (2011)
- Reputation and relational contracting: MacChiavello and Morjaria (2015)
- Corruption and tariff evasion: Sequeira (2016)
- Trade and inequality: Pavcnik (2017)

Week 11: Lecture: **Trade and the environment**

- Required reading: Cherniwchan, Copeland, and Taylor (2017)
- Additional background: Copeland and Taylor (2003)

Week 12: Potential presentation topics

- Carbon leakage in the Kyoto Protocol: Aichele and Felbermayr (2012)
- Emissions from international freight transport: Cristea, Hummels, Puzzello, and Avetisyan (2013)
- Environmental outsourcing: Cole, Elliott, and Okubo (2014)
- Climate clubs: Nordhaus (2015)
- Carbon tariffs: Böhringer, Carbone, and Rutherford (2016)
- Environmental bias of trade policy: Shapiro (2020)

Week 13: Conclusions and discussion of term paper

Coursework

Participants are expected to read the five background papers in time for the corresponding lectures, participate actively in the lectures and discussions, give one presentation on one of the listed topics (or — upon prior agreement — a topic they suggested themselves), and write a term paper at the end of the course on the same topic as their presentation.

Registration

To take part in the course, please register via email (joschka.wanner@uni-potsdam.de) until **November 8th**. In your message, please state your name,

student id, and study programme. Also provide your three preferred presentation topics. When choosing your topics, make sure to take a close look at the respective papers before, as the focus varyingly lies on a theoretical model, empirical analysis, or specific application and you should pick according to your personal preference and previous knowledge. To ensure that a wide range of topics will be covered, please provide presentation topics from at least two of the different wider themes. If there are any questions concerning the course, please write an email (joschka.wanner@uni-potsdam.de).

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