

International Trade and Development

Lecturer: Roman Zakharenko

Course description

The aim of the course is to introduce students to various aspects of modern theories of trade and development. The first part of the course discusses factors affecting development of societies in the very long run, e.g. centuries or even millennia. The next part is on theories of human culture and social norms: what shapes these norms, and how they affect economic development. The next part discusses modern trade theory, with an emphasis on the effect of institutional quality on trade patterns. Finally, we consider modern theories of migration, and the relationship between migration, trade flows, and economic development.

Teaching methods

The following methods and forms of study are used in the course:

- lectures
- seminars
- essay-type homeworks
- self-study

You are encouraged to work together on homework assignments, but *you must write up the assignment individually*. Self-study is an extremely important element of the course.

Grade determination

The final grade consists of the following elements:

- Homeworks (approx. 4) — 30%
- Mid-semester evaluation — 30%
- End-of-semester exam — 40%

Course outline

1. Long-term evolution of institutions and development

- Acemoglu, Johnson, Robinson: The Colonial Origins of Economic Development: An Empirical Investigation. AER 2001
- Glaeser, La Porta, Lopez-de-Silanes, Shleifer: Do Institutions Cause Growth? J of Economic Growth, 2004
- Greif: Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies. JPE, 1994
- Banerjee, Iyer: History, Institutions and Economic Performance: the legacy of colonial tenure systems in India. AER, 2005
- Nunn: The Long-Term Effects of Africa's Slave Trades. QJE, 2004
- Spolaore Wacziarg: The Diffusion of Development. NBER, 2006
- Kremer: Population Growth and Technological Change: One Million BC to 1990. QJE, 1993

2. Culture, bounded rationality, and endogenous preferences

- Eshel Shaked Samuelson: Altruists, egoists, and hooligans in a local interaction model. AER, 1998
- Tabellini: The scope of cooperation: values and incentives. QJE, 2008
- Galor Moav: Natural Selection and the Origin of Economic Growth. QJE, 2002
- Rogers: Evolution of time preferences by natural selection. AER, 1994
- Guiso, L., Sapienza, P., and L. Zingales, "Does Culture Affect Economic Outcomes? (Journal of Economic Perspectives)

3. Institutions and international trade

- Levchenko: Institutional quality and international trade. Review of Econ. Studies, 2007
- Nunn: Relationship-Specificity, Incomplete Contracts, and the Pattern of Trade. OJE, 2007
- Antras: Firms, Contracts, and Trade Structure. QJE, 2003

4. International trade and firm-level dynamics

- Melitz: The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity. *Econometrica*, 2003
- Helpman, Melitz, Yeaple: Export Versus FDI with Heterogeneous Firms. *AER*, 2004
- Antras, Helpman: Global Sourcing. *JPE*, 2004
- Das Roberts Tybout: Market Entry Costs, Producer Heterogeneity, and Export Dynamics. *Econometrica*, 2007

5. Theories of migration, brain drain, and trade

- Gould: Immigrant Links to the Home Country: Empirical Implications for US Bilateral Trade Flows. *Review of Economics and Statistics*, 1994
- Rauch: Networks versus markets in international trade. *J of International Econ*, 1999
- Mountford: Can a brain drain be good for growth in the source economy? *J of Development Econ*, 1997
- Haque, Kim: Human Capital Flight: Impact of Migration on Income and Growth. *IMF*, 1995

Distribution of hours

#	Topic	Total hours	Contact hours		Self study
			Lectures	Seminars	
1.	Long-term evolution of institutions and development	20	6		14
2.	Culture, bounded rationality, and endogenous preferences	20	6		14
3.	Institutions and international trade	20	6		14
4.	International trade and firm-level dynamics	20	6		14
5.	Theories of migration, brain drain, and trade	28	8		20
Total:		108	32	0	76