

Economics 353  
International Trade and Growth  
Winter, 2004  
Robert E. Lucas, Jr.

### Course Outline and Reading List

This course will be concerned with recent research on the influence of international trade on economic growth. Class meets Monday and Wednesday, 10:30-11:50, in SS401. Friday, 10:30-11:50 will also be reserved for make-up classes, student presentations, and occasional other uses. My office hours are Wednesday, 1:30 - 3, or by arrangement.

The course will serve as partial preparation for the Economic Growth prelim offered in Summer, 2004. Students who want to receive a grade other than R must hand in a research paper related to the course. There will be no exams or graded problems.

Acceptable papers include, but are not limited to

- a rigorous exposition of a paper on the reading list, or one that you think should be on the reading list,
- analysis of a generalization, modification, or combination of paper(s) on or near to the reading list,
- a successful algorithm for solving an already existing model numerically, used to develop the model's properties or its relation to evidence or both.

Of course, a completely original contribution to the theory of trade and growth is fine, too. But using an interesting, existing paper as a point of departure can be a good way to get started.

Anyone who intends to present a paper for a grade should discuss his plans with me by the end of January.

There is no assigned textbook, but some of my papers on economic growth are collected in

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There is also much useful material in

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### *1. Basic Growth Models*

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Paul M. Romer. "Endogenous Technological Change." *Journal of Political Economy*, 98 (1990): S71-S102.

### *2. Static Trade Theory: Comparative Advantage*

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Marianne Baxter. "Fiscal Policy, Specialization, and Trade in the Two-Sector Model: The Return of Ricardo?" *Journal of Political Economy*, 100 (1992): 713-744.

Jonathan Eaton and Samuel Kortum. "Technology, Geography, and Trade." *Econometrica*, 70 (2002): 1741-1780. <http://econ.bu.edu/kortum/>

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Martin Feldstein and Charles Horioka.. "Domestic Saving and International Capital Flows." *Economic Journal*, 90 (1980): 314-329.

#### 4. Trade and Growth: Technology Transfer

Jonathan Eaton and Samuel Kortum. "Engines of Growth: Domestic and Foreign Sources of Innovation." NBER working paper #5207, 1995.

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\*Alejandro M. Rodriguez. "Learning Externalities and Economic Growth." University of Chicago working paper, 2002.

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Kiminori Matsuyama. "Agricultural Productivity, Comparative Advantage and Economic Growth." *Journal of Economic Theory*, 58 (1992): 317-334.

Stokey, Nancy L. "The Volume and Composition of Trade Between Rich and Poor Countries." *Review of Economic Studies*, 58 (1991): 63-80.

Stokey, Nancy L. "Learning by Doing and the Introduction of New Goods." *Journal of Political Economy*, 96 (1988): 701-717.

Young, Alwyn. "Learning by Doing and the Dynamic Effects of International Trade." *Quarterly Journal of Economics*, 106 (1991): 369-406.

Grossman, Gene M., and Elhanan Helpman. "Quality Ladders and Product Cycles." *Quarterly Journal of Economics*, 106 (1991): 617-650.

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\*Kei Mu Yi. "Can Vertical Specialization Explain the Growth of World Trade?" *Journal of Political Economy*, 111 (2003): 52-102.

Jeffrey D. Sachs and Andrew Warner. "Economic Reform and the Process of Global Integration." *Brookings Papers on Economic Activity*, (1995): 1-118.

Romain Wacziarg and Karen Horn Welch. "Trade Liberalization and Growth: New Evidence." NBER working paper #10152. 2003.

Dan Ben-David. "Equalizing Exchange: Trade Liberalization and Income Convergence." *Quarterly Journal of Economics*, 106 (1993): 617-650.

Jeremy Greenwood, Zvi Hercowitz, and Per Krusell. "Long-Run Implications of Investment-Specific Technological Change." *American Economic Review*, 87 (1997): 342-362.

Martin Neil Baily; Charles Hulten, and David Campbell. "Productivity Dynamics in Manufacturing Plants." *Brookings Papers on Economic Activity. Microeconomics*. 1992 (1992): 187-267.

Chad Syverson. "Market Structure and Productivity: A Concrete Example." University of Chicago working paper, 2003. <http://home.uchicago.edu/~syverson/>

Marc J. Melitz. "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity." *Econometrica*, 71 (2003): 1695-1725.

<http://post.economics.harvard.edu/faculty/melitz/papers.html>

Andrew B. Bernard, Jonathan Eaton, J. Bradford Jensen, and Samuel Kortum. "Plants and Productivity in International Trade." NBER working paper #7688, 2003.

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