

Trade policy and International Cooperation (ECONM865)

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Objectives

This course will introduce the students to trade policy analysis, highlighting the importance of international cooperation in trade. We will start introducing the student to the estimation of gravity equations, the primary empirical tool for analyzing trade policies. Then, the students will be introduced to the analysis of the effects of trade barriers. Finally, we will investigate how political incentives shape trade policy. In this context, the role of WTO and international cooperation in regulating the relations among states in international trade is discussed. This course aims to provide to master students the instruments to understand and analyze trade policies and the current debate on trade policy and protectionism.

Content

1. A Primer on Monopolistic Competition and Gravity Equations: Theoretical Foundations

Treb Allen and Costas Arkolakis", 2016, "Elements of International Trade. Chap. 2. Available online at: <https://arkolakis.com/teaching/> (*)

Robert C. Feenstra, 2015, "Advanced International Trade", Princeton University Press. Chap. 5.

Head, K., and T. Mayer, 2014, "Gravity Equations: Workhorse, Toolkit, and Cookbook", chapter 3 in Gopinath, G, E. Helpman and K. Rogoff (eds.), vol. 4 of the Handbook of International Economics, Elsevier: 131-195.

2. A Primer on Monopolistic Competition and Gravity Equations: The Estimation of Gravity Equations

Head, K., and T. Mayer, 2014, "Gravity Equations: Workhorse, Toolkit, and Cookbook", Chapter 3 in Gopinath, G, E. Helpman and K. Rogoff (eds), vol. 4 of the Handbook of International Economics, Elsevier: 131--195. (*)

Richard Baldwin and Daria Taglioni, 2006, "Gravity for Dummies and Dummies for Gravity Equations", NBER Working Papers 12516.

3. Applying Gravity Equations: Estimating the Benefits of European Integration

Thierry Mayer, Vincent Vicard, and Soledad Zignago, 2019, "The cost of non-Europe, revisited", Economic Policy, 34(98), pp. 145-199 (*)

Head, Keith, and Thierry Mayer. 2021. "The United States of Europe: A Gravity Model Evaluation of the Four Freedoms." *Journal of Economic Perspectives*, 35 (2): 23-48. (*)

4. The Analysis of Import Tariffs and Antidumping Duties

Robert C. Feenstra, 2015, "Advanced International Trade", Princeton University Press. Chap. 8. (*)

5. The Return of Protectionism and the Analysis of Trump Tariffs

Mary Amiti, Stephen J. Redding, and David E. Weinstein, 2019, "The Impact of the 2018 Tariffs on Prices and Welfare", *Journal of Economic Perspectives*, 33(4), pp 187-210 (*)

Mary Amiti, Stephen J. Redding, and David E. Weinstein, 2020, "Who's Paying for the US Tariffs? A Longer-Term Perspective", *AEA Papers and Proceedings*, 110, pp. 541-546 (*)

6. The Political Economy of International Trade

Robert C. Feenstra, 2015, "Advanced International Trade", Princeton University Press. Chap. 10. (*)

7. The Economics of the World Trade Organization

Kyle Bagwell, Chad P. Bown, and Robert W. Staiger, 2016, "Is the WTO Passé?", *Journal of Economic Literature*, 54 (4), pp. 1125-1231. (*)

Kyle Bagwell, and Robert W. Staiger (2002), "The Economics of the World Trading System". MIT Press.

Readings marked with an asterisks (*) are mandatory.

Exam

The students will be evaluated by a written final exam.

Remarks: The course and the exam structure might change with the evolution of the current pandemic crisis. Please, regularly check your email and the Webcampus for any communication.