

**Trade and Economic Development: Technology, Geography and Migration**  
**(11220TSE 503600)**  
Spring 2024

**Class Schedule:** R5 - R7 (Thursday 13:20 – 16:20)

**Instructor:** Prof. *Yip Chong Kee* ([chongkeeyip@mx.nthu.edu.tw](mailto:chongkeeyip@mx.nthu.edu.tw))

**TA:** Ms. 李蕙心 ([qaz909386@gmail.com](mailto:qaz909386@gmail.com))

**Objective:**

This is a graduate level course on international trade and economic development. We take the theoretical approach to the analysis of trade and technology. We will begin with traditional trade theories. Then we will study models of technology transfer and models of economic geography. If time allows, we will discuss selected topics including migration, firm productivity and the impacts of trade on misallocation.

**Learning Outcome:**

Based on different dynamic macroeconomic models, we try to understand the driving forces behind the development process of an economy when it is opened to international trade, and the related policy implications. This allows us to identify the sources of world income differences through the lens of trade and geography.

**Student use of the AI:** Unrestricted use with no disclosure required

**Guest Lectures:** There will be guest lectures in data and facts that will be part of the regular class, held by Dr. Terry TY Cheung of Academia Sinica. The dates of these lectures will be announced in class.

**Evaluation:**

Midterm (Date: 18 April, 2024, in class; 50%)

Final (Date: 13 June, 2024, in class; 50%)

**Basic References:**

*Trade*

(F) Feenstra (2016) *Advanced International Trade: Theory and Evidence*, Second Edition, Princeton University Press.

(AA) Allen and Arkolakis (2016) *Elements of Advanced International Trade*, Manuscript. (<https://arkolakis.com/wp-content/uploads/ClassNotes.pdf>)

(GH) Grossman, G. M. and E. Helpman (1993): *Innovation and growth in the global economy*, MIT press.

(HK) Helpman and Krugman (1985) *Market Structure and Foreign Trade*, MIT Press.

*Growth and Development*

(AH) Philippe Aghion and Peter Howitt, *The Economics of Growth*, The MIT Press.

(JV) Jones, C.I. and D. Vollrath, *Introduction to Economic Growth*, 3<sup>rd</sup> edition, W.W. Norton, 2013. (4<sup>th</sup> ed coming in July 2024)

(A) Daron Acemoglu, *Introduction to Modern Economic Growth*, 2009, Princeton University Press

## **Topics and Readings:**

### **Basic Trade Models**

- F Ch 1-4
- Dornbusch, Fischer and Samuelson (1977) “Comparative Advantage, Trade, and Payments in a Ricardian Model with a Continuum of Goods,” *American Economic Review*.
- Jonathan Eaton and Samuel Kortum (2012) “Putting Ricardo to Work,” *The Journal of Economic Perspectives*, Vol. 26, No. 2, pp. 65-89.

### **Firm-level Models of Trade**

- F Ch 5-6
- Krugman (1979) “Increasing Returns, Monopolistic Competition, and International Trade,” *Journal of International Economics*.
- Melitz (2003) “The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity,” *Econometrica*.
- Arkolakis, Costinot and Rodríguez-Clare (2012) “New Trade Models, Same Old Gains?” *American Economic Review*.
- Marc J. Melitz and Daniel Trefler (2012) “Gains from Trade when Firms Matter,” *The Journal of Economic Perspectives*, Spring 2012, Vol. 26, No. 2, pp. 91-118.

### **Geography and Trade**

- AA Ch 4-6
- Eaton and Kortum (2002) “Technology, Geography, and Trade,” *Econometrica*.
- Dekle, Eaton and Kortum (2007) “Unbalanced Trade,” *American Economic Review*.
- Allen and Arkolakis (2014) “Trade and the Topography of the Spatial Economy,” *Quarterly Journal of Economics*.
- Anderson, James E. (2010) “The Gravity Model.” *Annual Review of Economics* 3: 133–60.
- Treb Allen and Costas Arkolakis (2023) “Economic Activity across Space,” *The Journal of Economic Perspectives*, Vol. 37, No. 2, pp. 3-28.
- Breinlich, H., Ottaviano, G., Temple, J. (2014) “Regional Growth and Regional Decline” In *Handbook of Economic Growth*, Vol 2, pp. 683-799.
- Desmet, Klaus, Dávid Krisztián Nagy, and Esteban Rossi-Hansberg. 2018. “The Geography of Development.” *Journal of Political Economy* 126 (3): 903–83.

### **Migration and Growth**

- A Chapter 21
- David Lagakos (2020) “Urban-Rural Gaps in the Developing World,” *The Journal of Economic Perspectives*, Vol. 34, No. 3, pp. 174- 192.
- Bryan, Gharad, and Melanie Morten. 2019. “The Aggregate Productivity Effects of Internal Migration: Evidence from Indonesia.” *Journal of Political Economy* 127 (5).
- Tombe, Trevor, and Xiaodong Zhu. 2019. “Trade, Migration, and Productivity: A Quantitative Analysis of China.” *American Economic Review*, 109 (5): 1843-72.
- Pei-Ju Liao, Ping Wang, Yin-Chi Wang, Chong K. Yip. 2022. “Educational Choice, Rural-urban Migration and Economic Development,” *Economic Theory* 74, 1-67.