



UNIVERSITÀ
DEGLI STUDI
DI PADOVA



osservatorio nazionale
per l'internazionalizzazione
e gli scambi

FONDAZIONE MANLIO MASI

AMICI DELL'UNIVERSITÀ DI PADOVA



FREUNDE DER UNIVERSITÄT PADUA



FONDAZIONE
CASSA DI RISPARMIO DI BOLZANO
1854

AUTONOME PROVINZ
BOZEN - SÜDTIROL



PROVINCIA AUTONOMA
DI BOLZANO - ALTO ADIGE



BRIXEN
BRESSANONE

BRIXEN WORKSHOP & SUMMER SCHOOL ON INTERNATIONAL TRADE AND FINANCE



September 15-21, 2013

Bressanone /Brixen - Italy

LECTURES

(in order of appearance)

Empirical Evidence on Globalization and Inequality

Professor Matthieu Crozet

University of Paris Sud and CEPII

Description

Since the mid-1980s, the developed countries experienced a significant increase in social inequalities. During the same period, developed countries progressively opened to trade, especially with developing and emerging countries, and experienced a profound movement of de-industrialization. The concomitance of these two facts made of international trade a prime suspect for the first fact. The reason is that the traditional trade theory predicts precisely substantial changes in the industrial structure – (de)-industrialization – and in factor prices – Stolper-Samuelson effects. During the 1990s, the literature that sought empirical evidence of Stolper-Samuelson effects failed to find it. It showed that most of the trade adjustments had occurred *within* industries rather than *between*, as suggested by the standard trade models. The most recent empirical approaches have explored a variety of different mechanisms through which trade may raise inequalities. They have found quite convincing evidence that outsourcing and international trade caused an increase in inequalities between workers, within industries and simultaneously in both developed and developing countries. This course surveys the empirical papers that followed the search for Stolper-Samuelson effects and turns then to a presentation of the more recent literature based on *within* industry mechanisms.

Suggested Readings

Harrison Ann, John McLaren and Margaret Mc Millan (2011), *Recent Perspectives on Trade and Inequality*, Policy Research Working Paper 5754.

Autor David, David Dorn and Gordon Hanson (2013), *The China Syndrome: Labor Market Effects of Import Competition in the United States*", American Economic Review, forthcoming.

Autor David, David Dorn, Gordon Hanson and Jae Song (2013), *Trade adjustment: Worker Level Evidence*, American Economic Review, NBER WP 19226.

Amiti Mary and Donald Davis (2012), *Firms, Trade, and Wages: Theory and Evidence*, Review of Economic Studies, January.

Hummels David, Rasmus Jorgensen, Jakob Munch and Chong Xiang (2011), *The Wage Effects of Offshoring: Evidence from Danish Matched Worker-Firm Data*, NBER working paper 17496.

Theoretical Models of Globalization and Inequality

Professor Federico Trionfetti

Aix-Marseille University (Aix-Marseille School of Economics), CNRS & EHESS

Description

We study the links between globalization and the rise in the skill premium. We do this using a few baseline models developed in the last decade. We are interested in understanding the economic mechanisms that link globalization to the skill premium. Trade induced technical change, market size, within industry adjustments, firm-workers matching, labor market frictions, and offshoring are among the mechanisms we shall study. Students are expected to be able to work with theoretical models of international trade. While understanding the mathematical structure of models is important, in studying these models the emphasis will be on the logic and functioning of the model rather than on technical matters.

Suggested Readings

Acemoglu Daron (2002) "Directed Technical Change" *Review of Economic Studies* 69: 781-809.

Amiti, Mary, and Donald R. Davis (2011) "Trade, Firms, and Wages: Theory and Evidence" *Review of Economic Studies* 79, 1–36.

Antràs, P., L. Garicano and E. Rossi-Hansberg (2006) "Offshoring in a Knowledge Economy" *Quarterly Journal of Economics* 121(1): 31-77.

Helpman-Itskhoki-Redding-2010 : Helpman, Elhanan, Oleg Itskhoki, and Stephen Redding, 2010, "Inequality and Unemployment in a Global Economy", *Econometrica* 78(4): 1239--1283.

Yeaple, Stephen R. (2005). "A simple model of firm heterogeneity, international trade, and wages", *Journal of International Economics* 65: 1-20.

Worker-Specific Effects of Globalisation

Professor Udo Kreickemeier

University of Tübingen, CESifo and GEP

Description

These lectures consider new distributional effects of globalisation that are the result of selection effects and the heterogeneity of firm populations. In Egger and Kreickemeier (2012) individuals select whether to become managers or workers, and trade liberalisation affects intra-group inequality within the group of workers, within the group of managers, between the two groups, and also has an effect on aggregate unemployment. The model is developed in detail and put into the context of the literature. This is followed by a discussion of the model's empirical counterpart in Egger, Egger, Kreickemeier (2013). Finally, the lectures discuss Egger, Kreickemeier, Wrona (2013), who show that offshoring in this framework has effects that are fundamentally different from trade liberalisation in final goods trade.

Suggested Readings

Egger, H., Kreickemeier, U. (2009), Firm Heterogeneity and the Labor Market Effects of Trade Liberalization, *International Economic Review* 50, 187-216.

Egger, H., Kreickemeier, U. (2012), Fairness, Trade, and Inequality, *Journal of International Economics* 86, 184-196.

Egger, H., Egger, P., Kreickemeier, U. (2013), Trade, Wages, and Profits, *mimeo*.

Egger, H., Kreickemeier, U., Wrona, J. (2013), Offshoring Domestic Jobs, *mimeo*.

Helpman, E., Itskhoki, O., Redding S. (2010), Inequality and Unemployment in a Global Economy, *Econometrica* 78, 1239-1283.

Globalization and Economic Welfare

Professor Costas Arkolakis

Yale University, New Haven

Description

This set of four lectures reviews some recent advancements in the theory of international trade seeking to quantify the effects of economic openness on welfare and inequality of economic activity. The course starts with an elementary characterization of the welfare gains from trade within a Constant Elasticity Demand setup. It then discusses the implications of departing from CES demand and considering more general demand functions. In the CES setup we will also discuss the impact of increased activity of multinationals to overall welfare and inequality across countries. Finally, we will study a framework that can be used to analyze the level and inequality of economic activity across space.

Suggested Readings

Arkolakis C., (2010) Market Penetration Costs and the New Consumers Margin in International Trade, *Journal of Political Economy*

Arkolakis C., Costinot C., and A. Rodriguez-Clare (2012) New Trade Models, Same Old Gains?, *American Economic Review*

Arkolakis C., Costinot C., and A. Rodriguez-Clare (2013) The Elusive Pro-Competitive Effects of Trade, mimeo

Innovation and Production in the Global Economy, NBER WP 18792

Trade and The Topography of the Spatial Economy, NBER WP 19181