**Firms in International Trade**  
Jiang Xuemo Lecture, Fudan University

**Course Outline**

**Trade with Heterogeneous Firms**

Lecture 1: Basics  
  
Krugman, P. (1979) “Increasing Returns, Monopolistic Competition, and International Trade,” Journal of International Economics.  
  
Krugman, P. (1980) “Scale Economies, Product Differentiation, and the Pattern of Trade,” American Economic Review  
  
Melitz, M. (2003) “The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity,” Econometrica  
  
  
Lecture 2: Empirical Studies related to scale and selection

Bernard, Jensen, Redding, and Schott (2007) “Firms in International Trade”, JEP  
  
Roberts and Tybout (1997) “The Decision to Export in Colombia: An Empirical Model of Entry with Sunk Costs”, AER   
  
Clerides, Lach, and Tybout (1998) “Is Learning by Exporting Important? Micro-Dynamic Evidence from Colombia, Mexico, and Morocco”, QJE  
  
Lileeva and Trefler (2010) “Improved Access to Foreign Markets Raises Plant-level Productivity…For Some Plants”, QJE   
  
Pavcnik (2002) “Trade Liberalization, Exit, and Productivity Improvements: Evidence from Chilean Plants”, ReStud

**Trade and Heteroegeneous Firms: Extensions (2 Lectures)**

Lecture 3: Trade and Markups  
  
Melitz and Ottaviano (2008) “Market size, Trade, and Productivity”, ReStud  
  
Feenstra and Weinstein (2017) “Globalization, Markups, and U.S. Welfare”, JPE  
  
Edmond, Midrigan, and Xu (2015) “Competition, Markups, and the Gains from International Trade”, AER

Arkolakis, Costinot, Donaldson, Rodriguez-Clare (2019) “The Elusive Pro-Competitive Effects of Trade”, ReStud  
  
  
Lecture 4: Export Dynamics

Das, Roberts, and Tybout (2007), “Market Entry Costs, Producer Heterogeneity, and Export Dynamics”, Econometrica

Drozd and Nosal (2012), “Understanding International Prices: Customers as Capital”, AER

Arkolakis (2010), “Market Penetration Costs and the New Consumers Margin in International Trade”, JPE

Fitzgerald, Haller, Yedid-Levi (2020), “How do Exporters Grow”

Eaton, Jinkins, Tybout, and Xu (2020), “Two-sided Search in International Trade”

**Multinational Firms**

Multinational Firms and the Structure of International Trade, Handbook of International Economics, Antras and Yeaple  
  
Lecture 1: Horizontal FDI

Brainard, (1997), An Empirical Assessment of the Proximity-Concentration Trade-off between Multinational Sales and Trade, AER

Helpman, Elhanan, Marc J. Melitz, and Stephen R. Yeaple (2004), Exports versus FDI with Heterogenous Firms, American Economic Review  
  
  
Lecture 2: Vertical FDI

Helpman, Elhanan (1984). Simple Theory of International Trade with Multinational Corporations, Journal of Political Economy 92(3): 451-471

Alfaro and Charlton (2009), Intra-industry Foreign Direct Investment, AER

Ramondo, Rappoport, Ruhl, (2016), Intra-firm Trade and Vertical Fragmentation in U.S MNC, JIE  
  
  
Lecture 3: Quantitative Models

Ramondo and Rodriguez-Clare, (2012), Trade, Multinational Production, and the Gains from Openness," Journal of Political Economy

Tintelnot, (2017), Global Production with Export Platforms, QJE

Lecture 4: FDI Spillovers

Aitken and Harrison, (1999), “Do Domestic Firms Benefit from Direct Foreign Investment?”, AER

Javorcik (2004), “Does FDI Increase the Productivity of Domestic Firms? In Search of Spillovers through Backward Linkages”, AER

Setzler and Tintelnot, “The Effects of Foreign Multinationals on Workers and Firms in the United States”

**Trade and Firm Networks**

Lecture 1: Information and search friction

Allen, (2014), Information Frictions in Trade, Econometrica

Bernard, Moxnes, and Saito (2020), Production Networks, Geography, and Firm Performance, JPE

Chaney, (2014), The Network Structure of International Trade, AER

Lecture 2: Endogenous Network Formation in Trade

Lim, (2020), Endogenous Production Networks and the Business Cycle (with empirics from Huenees (2020))

Oberfield, (2018), A Theory of Input-Output Architecture

Demir, Fieler, Xu, and Yang, (2020), O-Ring Production Networks

Lecture 3: Supply Chain Disruption and Specificity

Carvalho, Nirei, Saito, Tahbaz-Salehi, “supply Chain disruptions: Evidence from the Great East Japan Earthquake”

Boehm and Oberfield, (2020) “Misallocation in the Market for Inputs: Enforcement and the Organization of Production”, QJE

A few optional topics:

Better identification of spillovers

Alfaro-Urena, Manelici, Vasquez, “The Effects of Joining Multinational Supply Chains: New Evidence from Firm-to-Firm Linkages”

Trade intermediation

Grant and Starz, “Cutting out the Middleman: The Structure of Chains of Intermediation”