Objectives and Description

This mini-course focuses on the intersection of international trade and macroeconomics. Its purpose is to expose students to recent developments in this research area, to develop understanding of the interaction of micro and macro dynamics in international interdependence, and to stimulate ideas for research.

The course studies how international macroeconomic models with trade microfoundations can shed new light on long-standing and novel questions in international macroeconomics. We will confront theories with empirical evidence and pay special attention to the roles of producer entry and exit in domestic and export markets, and firm heterogeneity, in shaping aggregate fluctuations and economic policy outcomes. Topics we will cover include: international trade and macroeconomic dynamics with producer entry, exit, and heterogeneity; FDI, offshoring, and international business cycles; labor market frictions and the consequences of trade integration; financial frictions, banks, and trade; monetary policy and trade; and the macroeconomic effects of protectionism.

Lectures will be based on journal articles and working papers. They will cover a subset of the papers listed below. The papers on which we will spend most of the time are highlighted by asterisks: two for the papers I plan to cover in detail, one for those I plan to talk about more briefly. How much of the plan we will actually accomplish will also depend on our conversations in class. You should feel free to ask questions at any point: Lively class discussion is very valuable.
Topics and Readings

1. International Trade and Macroeconomic Interdependence with Producer Dynamics


2. **Trade, Granularity, and Business Cycles**


3. **Trade, International Relative Prices, and the Exchange Rate**


4. **FDI, Vertical Linkages, and Global Value Chains**


5. **FDI and the Exchange Rate**


6. **Extensive-Margin Risk and International Portfolios**


7. **International Trade and Labor Market Frictions**


8. **Financial Frictions and Banks**


9. **International Trade and Monetary Policy**


10. **The Macroeconomic Effects of Protectionism**


