

Topics in International and Environmental Economics - MIEPP Seminar - Johannes Gutenberg University Mainz

Winter 2021/22

Chair of International Finance, Prof. Philip Sauré

Preliminary version - subject to slight changes

Seminar Description

The seminar focusses on recent empirical work related to environmental questions in the context of international economics. Examples are carbon leakage through international specialization, border adjustment tax and implicit carbon subsidies in trade policy. Many of the papers rely on the conceptual framework of the concept of the gravity equation, to which extra attention will be given.

Each seminar participant will present and review one paper, with an in-depth discussion and a critical assessment. The papers cover methodological advances as well as applications.

Seminar requirements

No single course from the master program is required. However, sound knowledge of basic trade theory as well as standard econometric tools (panel estimations, instrumental variable estimations) are prerequisites for attending the seminar.

Organization

The seminar is scheduled to take place in person. In the introductory meeting, we will discuss further organizational issues including formal requirements of the seminar paper.

Introductory meeting: Tuesday, October 26, 2021, 10:15 am to 11:45 am

Presentations: Friday, January 7, 2022, starting 8.30am

Writing assignment: Friday, November 5, 2021 - Friday, February 4, 2022, noon

Background literature:

- Head, Keith, and Thierry Mayer. "Gravity equations: Workhorse, toolkit, and cookbook." *Handbook of international economics*. Vol. 4. Elsevier, 2014. 131-195.

Papers to be presented (subject to changes):

1. Anderson, James E., and Eric Van Wincoop (2003) "Gravity with gravitas: a solution to the border puzzle." *American economic review* 93.1, 170-192.
2. Silva, JMC Santos, and Silvana Tenreyro (2006) "The log of gravity." *The Review of Economics and statistics* 88.4, 641-658
3. Frankel, Jeffrey A., and Andrew K. Rose (2005) "Is trade good or bad for the environment? Sorting out the causality." *Review of economics and statistics* 87.1, 85-91.
[required background: Frankel, J. A., and Romer, D. H. (1999). Does trade cause growth?. *American economic review*, 89(3), 379-399.]
4. Aichele, R., and Felbermayr, G. (2012). Kyoto and the carbon footprint of nations. *Journal of Environmental Economics and Management*, 63(3), 336-354.
5. Aichele, R., and Felbermayr, G. (2015). Kyoto and carbon leakage: An empirical analysis of the carbon content of bilateral trade. *Review of Economics and Statistics*, 97(1), 104-115.
6. Brock, W. A., and Taylor, M. S. (2010). The green Solow model. *Journal of Economic Growth*, 15(2), 127-153.
7. Böhringer, C., Carbone, J. C., and Rutherford, T. F. (2018). Embodied carbon tariffs. *The Scandinavian Journal of Economics*, 120(1), 183-210.
8. Larch, M., and Wanner, J. (2017). Carbon tariffs: An analysis of the trade, welfare, and emission effects. *Journal of International Economics*, 109, 195-213.
9. Dean, J. M., Lovely, M. E., and Wang, H. (2009). Are foreign investors attracted to weak environmental regulations? Evaluating the evidence from China. *Journal of development economics*, 90(1), 1-13.
10. Harstad, B., Lancia, F., and Russo, A. (2021). Policies and Instruments for Self-Enforcing Agreements.
11. Levinson, A. (2009). Technology, international trade, and pollution from US manufacturing. *American Economic Review*, 99(5), 2177-92.
12. He, J. (2006). Pollution haven hypothesis and environmental impacts of foreign direct investment: The case of industrial emission of sulfur dioxide (SO₂) in Chinese provinces. *Ecological economics*, 60(1), 228-245.
13. Shapiro, J. S. (2020). The environmental bias of trade policy (No. w26845). National Bureau of Economic Research.
14. Weitzman, M. L. (1974). Prices vs. quantities. *Review of Economic Studies*, 41(4), 477-491.