

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

Winter 2022/23

Chair of International Finance, Prof. Philip Sauré

Preliminary version - subject to slight changes

Seminar Description

The seminar focusses on the academic literature related to environmental questions in the context of international economics. Most of the paper covered is empirical and relates to the larger topic economic of climate and decarbonization. Examples are carbon leakage through international specialization and trade flows, border adjustment tax and implicit carbon subsidies in trade policy. The papers cover methodological advances as well as applications. 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 or two papers, giving an in-depth summary and a critical assessment.

Prerequisites

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

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

Important Dates

Introductory meeting: Friday, November 4, 2022, 10:15 am to 11:45 am

Hand-in List of Preferences for Term Paper: Friday, November 11, 2022, noon

Assignments: Monday, November 14, 2022, noon

Presentations: Tuesday, January 17, 2023, starting 8.30am

Hand-in Term Paper: Tuesday, February 7, 2023, noon

Background literature:

- Head, Keith, and Thierry Mayer. "Gravity equations: Workhorse, toolkit, and cookbook." *Handbook of international economics*. Vol. 4. Elsevier, 2014. 131-195.
- Cherniwchan, Jevan, Brian R. Copeland, and M. Scott Taylor. "Trade and the environment: New methods, measurements, and results." *Annual Review of Economics* 9 (2017): 59-85.

Papers to be presented (subject to slight 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. Weitzman, M. L. (1974). Prices vs. quantities. *Review of Economic Studies*, 41(4), 477-491.
4. Brock, W. A., and Taylor, M. S. (2010). The green Solow model. *Journal of Economic Growth*, 15(2), 127-153.
5. Harstad, B., Lancia, F., and Russo, A. (2021). Policies and Instruments for Self-Enforcing Agreements.
6. 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.]
7. Levinson, A. (2009). Technology, international trade, and pollution from US manufacturing. *American Economic Review*, 99(5), 2177-92.
8. Najjar, N., and Cherniwchan, J. (2021). Environmental Regulations and the Clean-Up of Manufacturing: Plant-Level Evidence. *Review of Economics and Statistics*, 103(3): 476-491.
9. Shapiro, JS. and Walker, R. (2018). Why is Pollution from US Manufacturing Declining? The Roles of Environmental Regulation, Productivity, and Trade. *American Economic Review*, 108(12): 3814–3854
10. Forslid, R., Okubo, T. and Ulltveit-Moe, KH. (2018). Why are firms that export cleaner? International trade, abatement and environmental emissions. *Journal of Environmental Economics and Management*, 91: 166-183
11. 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.
12. Aichele, R., and Felbermayr, G. (2012). Kyoto and the carbon footprint of nations. *Journal of Environmental Economics and Management*, 63(3), 336-354.
13. 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.

14. Martin, R., Muûls, M., De Preux, L. B., and Wagner, U. J. (2014). Industry compensation under relocation risk: A firm-level analysis of the EU emissions trading scheme. *American Economic Review*, 104(8), 2482-2508.
15. Larch, M., and Wanner, J. (2017). Carbon tariffs: An analysis of the trade, welfare, and emission effects. *Journal of International Economics*, 109, 195-213.
16. Böhringer, C., Carbone, J. C., and Rutherford, T. F. (2018). Embodied carbon tariffs. *The Scandinavian Journal of Economics*, 120(1), 183-210.
17. Shapiro, Joseph S. "The environmental bias of trade policy." *The Quarterly Journal of Economics* 136.2 (2021): 831-886.