

## International Economics Development Economics

Academic year 2020-2021

## Finance and Trade

### EI076 - Printemps - 6 ECTS

Wednesday 10h15 - 12h00

## Course Description

How to finance the trade for the emerging markets remains a major challenge. This course will be covered include financial development and trade growth, financial frictions and R&D innovation and investment in trade; new financing tools such as the trade credit, supply chain finance, finch and big data lending platform; the political economy of finance and trade policy; international capital flows and financial globalization to promote trade. After taking this course, students will have an overview of the main questions in micro and macro-financial linkage; master theoretical/empirical frameworks frequently used to analyse these questions; and develop deeper economic intuition to conduct development policy.

Each student will participate in two presentations, with the schedule determined by the third week. The grade will be based on the presentations (2 thirds) as well as regular participation in classwide discussion (1 third).

## > PROFESSOR

[Yi Huang](#)

[Office hours](#)

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## > ASSISTANT

[Office hours](#)

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## Syllabus

### Book

Charles W. Calomiris and David O. Beim, *Emerging Financial Markets*, McGraw-Hill/Irwin, 2001

## **Lecture 1 & 2 : Trade and Finance- Fact and illusions.**

### Reading

C. Fritz Foley & Kalina Manova, 2015. "[International Trade, Multinational Activity, and Corporate Finance](#)," Annual Review of Economics, Annual Reviews, vol. 7(1), pages 119-146, 08

Manova, K. (2013). "[Credit Constraints, Heterogeneous Firms and International Trade](#)." *Review of Economic Studies* 80, p.711-44. link

Antràs, P., Desai, M. and F. Foley (2009). "[Multinational Firms, FDI Flows and Imperfect Capital Markets](#)." *Quarterly Journal of Economics* 124, p.1171-219. link

## **Lecture 3 & 4 : Banking and Finance**

### Reading

Michalski, Tomasz & Ors, Evren, 2012. "[\(Interstate\) Banking and \(interstate\) trade: Does real integration follow financial integration?](#)," *Journal of Financial Economics*, Elsevier, vol. 104(1), pages 89-117.

Chenzi Xu, 2019, "[Reshaping Global Trade: the Immediate and Long-Term Effects of Bank Failures](#)", Harvard, Working Paper.

## **Lecture 5 & 6 : Trade Credit and Finance**

### Reading

Mitchell A. Petersen & Raghuram G. Rajan, 1996. "[Trade Credit: Theories and Evidence](#)," *NBER Working Papers* 5602, National Bureau of Economic Research, Inc.

Jean-Noël Barrot, "[Trade Credit and Industry Dynamics: Evidence from Trucking Firms](#)" *Journal of Finance*, 2016, Volume 71, Issue 5, Pages 1975–2016

## **Lecture 7 & 8 : Trade and Finance- Asset Pricing**

### Reading

Greenwood, Robin, and Samuel G. Hanson. "[Waves in Ship Prices and Investment](#)." *Quarterly Journal of Economics* 130, no. 1 (February 2015): 55–109

Barrot, Jean-Noel and Loualiche, Erik and Sauvagnat, Julien, [The Globalization Risk Premium](#), (January 1, 2018). Journal of Finance, Forthcoming.

## **Lecture 9 & 10 : Trade and Finance- International Channel**

Reading

Schnabl, Philipp, [The International Transmission of Bank Liquidity Shocks: Evidence from an Emerging Market](#) (February 15, 2011). Journal of Finance

Shu Lin and Haichun Ye, [Foreign Direct Investment, Trade Credit, and Transmission of Global Liquidity Shocks: Evidence from Chinese Manufacturing Firms](#), Review of Financial Studies, 2018, Vol. 31(1)

## **Lecture 11& 12 : Trade : Dark and Bright Matters**

Reading

Barrot, Jean-Noel and Loualiche, Erik and Plosser, Matthew C. and Sauvagnat, Julien, Import Competition and Household Debt (April 1, 2018). Available at SSRN: <https://ssrn.com/abstract=2808981> or <http://dx.doi.org/10.2139/ssrn.2808981>

Hombert, Johan and Matray, Adrien, Can Innovation Help U.S. Manufacturing Firms Escape Import Competition from China? (May 30, 2017). HEC Paris Research Paper No. FIN-2015-1075. Available at SSRN: <https://ssrn.com/abstract=2542495> or <http://dx.doi.org/10.2139/ssrn.2542495>

## **Lecture 13& 14 :**

### **Trade and Finance- Trade War**

Reading

Pablo D Fajgelbaum & Pinelopi K Goldberg & Patrick J Kennedy & Amit K Khandelwal, 2020. "[The Return to Protectionism\\*](#)." The Quarterly Journal of Economics, vol 135(1), pages 1-55.

Huang, Yi and Lin, Chen and Liu, Sibao and Tang, Heiwai, Trade Networks and Firm Value: Evidence from the US-China Trade War (September 10, 2019). Available at SSRN: <https://ssrn.com/abstract=3227972> or <http://dx.doi.org/10.2139/ssrn.3227972>