

Contracts and the Global Organization of Production

June 20-22, 2012 Barcelona
CREI, UPF Ciutadella Campus



Pol Antràs
Harvard University

CREI Lectures in Macroeconomics 2012



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Centre de Recerca
en Economia Internacional

CREI Lectures in Macroeconomics

The Centre de Recerca en Economia Internacional (CREI) is a research centre sponsored by Universitat Pompeu Fabra (UPF) and Generalitat de Catalunya. It is located on the main UPF campus in Barcelona.

The CREI Lectures in Macroeconomics is a series of biennial lectures, with support from Princeton University Press. They are given by a “young senior scholar”, who has recently made a major, focused contribution to macroeconomics or international economics. The lectures will provide a high-level summary of recent work that has already had a large impact on the profession. Princeton University Press has agreed to publish a series of CREI Lectures in Macroeconomics.

Pol Antràs

Pol Antràs is Professor of Economics at Harvard University. He received his B.A. and MSc. in Economics from Universitat Pompeu Fabra in Barcelona and his Ph.D. in Economics from the Massachusetts Institute of Technology in 2003. He is a Research Associate at the National Bureau of Economic Research (NBER), where he served as Director of the International Trade and Organization (ITO) Working Group. He is currently a co-editor of the *Journal of International Economics*. In 2009, Antràs received the Fundación Banco Herrero Prize, which is awarded annually to a Spanish social scientist under age 40.

Antràs is best-known for his work on contractual aspects of the international organization of production. His most widely cited papers in this area include:

- ‘Firms, contracts, and trade structure’, *The Quarterly Journal of Economics*, vol. 118, no. 4, November 2003, pp. 1374-1418.
- ‘Global sourcing’, (with E Helpman), *Journal of Political Economy*, vol. 112, no. 3, June 2004, pp. 552-580.
- ‘Incomplete contracts and the product cycle’, *American Economic Review*, vol. 95, no. 4, September 2005, pp. 1054-1073.
- ‘Contracts and technology adoption’, (with D Acemoglu and E Helpman), *American Economic Review*, vol. 97, no. 3, June 2007, pp. 916-943.
- ‘Contractual frictions and global sourcing’, (with E Helpman), in E Helpman, D Marin & T Verdier (eds), *The organization of firms in a global economy*, Harvard University Press, Cambridge, 2008, pp. 9-54.
- ‘Trade and capital flows: a financial frictions perspective’, (with R Caballero), *Journal of Political Economy*, vol. 117, no. 4, August 2009, pp. 701-744.

Schedule

June 20, 11:30-13:30	Lecture 1
June 21, 11:30-13:30	Lecture 2
June 22, 11:30-13:30	Lecture 3

Lectures will be held in the main auditorium, at the CREI's new building.
UPF, Ciutadella Campus, c/Wellington/Ramon Turró
Due to limit seating availability, please register with mnovoa@crei.cat

Contracts and the Global Organization of Production

The lecture series will summarize and extend recent work exploring the role of contractual frictions in shaping the international organization of production and the implications of these frictions for the workings of the world economy. The lectures blend theory and empirics and will also point out implications for policy.

Lecture 1 begins by empirically motivating a global approach to studying production processes and will emphasize the importance of imperfect contract enforcement for these decisions. Antràs will then review the workhorse model of international trade (Melitz, 2003) and discuss alternative ways to embed imperfect contract enforcement and global production into the model.

Lecture 2 develops a benchmark micro-founded model of global production, based on Antràs (2003) and Antràs and Helpman (2004), and will derive some key predictions for the determinants of the global sourcing decisions of firms. The benchmark model is simple in many respects, but it will be shown to be flexible enough to easily accommodate the inclusion of more realistic features in various extensions. The implications of the model for aggregate variables and for policy are discussed.

Lecture 3 describes the challenges involved in empirically testing the predictions of the benchmark model and its extensions. Both data constraints as well as conceptual difficulties will be discussed. Lecture 3 will then summarize the progress made by the literature to date and will offer some suggestions for future research.