

**EC938 Trade and Development  
Term Paper Titles**

Details of the assessment and submission deadlines are contained in the Postgraduate Handbook available from room 5B.206. Please make sure you read the relevant sections on **A Guide to Good Practice in Assessed Work** and **Making the Best of your Essays, Term Papers and Projects**.

**Please write on ONE of the topics below. The maximum length is 4000 words.**

1. Critically survey the empirical literature in the last decade regarding the effects of vertical (upstream and downstream) productivity spillovers from foreign direct investment (FDI) in the manufacturing sector of developing countries. What have we learnt and what are the implications for the direction of future research?

Make sure you discuss the conceptual/theoretical framework supporting the model to be tested, provide an explanation of the empirical result and highlight both the contribution and limitations of the empirical evidence surveyed.

Some useful references to get started:

- Kugler, M (2006) Spillovers from Foreign Direct Investment: Within or Between Industries? *Journal of Development Economics*, 80(2), 444-477
- Javorcik, B S (2004) Does Foreign Direct Investment Increase the Productivity of Domestic Firms? In search of Spillovers through Backward Linkages, *American Economic Review*, 94(3) pp.605-627
- Blalock G and P J Gertler (2008) Welfare Gains from Foreign Direct Investment through Technology Transfer to Local Suppliers, *Journal of International Economics*, 74(2) ,402–421

2. “International outsourcing (of activities to countries abundant in unskilled labour) from developed to developing countries is one of the major causes of job losses and wage inequalities in developed countries like the USA and UK.”

Do you agree or disagree with the above statement? Explain the logic of service outsourcing (is it consistent with the notion of comparative advantage?), discuss how significant service outsourcing is and use empirical evidence to illustrate your arguments.

Some useful references to get started:

- Amiti, M., Wei, S.-J., 2005. Fear of service outsourcing: is it justified? *Economic Policy* 20 (42), 308–348.
- Liu R and D Trefler , 2008, Much Ado About Nothing: American Jobs and the Rise of Service Outsourcing to China and India, *NBER Working Paper* 14061
- Jensen B and L G Kletzer, 2005, Tradable Services: Understanding the Scope and Impact of Services Offshoring (with Comments and Discussion) in Jensen, Kletzer, Bernstein and Feenstra (eds) in *Brookings Trade Forum*, Offshoring White-Collar Work pp 75-133 , Brookings Institution. Available at <http://www.jstor.org/pss/25058763>

Note: The term paper is a critical analysis on a topic that goes *beyond* what is discussed in the lectures. Use *academic* articles and *academic* working papers for your references. Lecture notes are a summary of the assigned readings. You should read the primary sources and not quote the lecture notes (or your lecturer).