

International Economics

Trade Theory and Policy

MA-Applied Economics, WS 2018/2019

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The course *International Economics* is designed for students who are interested in the international dimensions of economic activities. The course aims to introduce and discuss modern theories of trade, especially the determinants structure and volume of trade flows between countries. The course will also deal with international trade- and investment policy and multilateral trade agreements (WTO).

Organization

There will be a lecture with weekly sessions. Furthermore, students are required to work on an own project which has to be summarized in a seminar paper (about 5,000 words long). The seminar paper can be own empirical work, a replication exercise, the discussion of a specific economical model of international trade or a literature survey on a specific topic in international economics. Details on possible topics of the seminar paper will be given in the first lecture.

There will be a block of presentations of the seminar papers at the end of the semester. All parts of the course are in English. For econometric applications the software tool STATA is used.

Course prerequisites

Students should have a basic knowledge of microeconomics and econometrics.

Grading

There will be a midterm and a final exam which includes all topics covered in the course. Details on the exam will be given in the lecture. The final grade is a weighted average of the evaluations in the final exam and the seminar paper.

Basic Literature

Feenstra, R. (2016): Advanced International Trade, 2nd edition, Princeton University Press, Princeton and Oxford.

Time and Location

Lecture: Wednesday, 16:00-19.45 pm, SR 9 starting on October 10th, 2018.

Seminar Block 1: January 23, 2019, 16:00-19.45 pm, SR 9.

Seminar Block 2: January 30, 2019, 16:00-19.45 pm, SR 9

Additional material and references

Slides, papers etc. will be provided on OLAT.

Topics of the Lecture

1. The Ricardian Model
2. The Heckscher-Ohlin-Model
3. Monopolistic competition and the gravity equation
4. Heterogenous firms and the Melitz-Chaney model
5. Gains from trade and regional trade agreements.
6. Import tariffs and dumping

Guidelines for the seminar paper

- Topics of the seminar paper will be discussed in the first lecture.
- Groups of two are possible and welcome.
- Length of paper: 5,000 words (+/- 10%); excluding list of contents, list of figures, references.
- Your paper should have
 - a clear structure (sections),
 - an introduction with a convincing motivation,
 - a conclusion that emphasizes the value added of your work and the work you surveyed.
- Look for additional literature (econlit).
- See me for discussing your proposal.
- The paper is due by Friday, January 18th, 2018.
- The presentation of the paper should last about 20 minutes.