

International Economics -  
Trade Theory and Policy, 432110  
MA-Applied Economics, SS2024

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

**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 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.

### **Course prerequisites**

Basic knowledge of microeconomics and econometrics will be advantageous.

### **Grading**

There will be a midterm and a final exam which includes all topics covered in the lecture. Details on the exam will be given in a separate repertorium in the lecture. The final grade is a weighted average of the evaluations of the midterm exam, the final exam and the seminar paper (35,35,30).

### **Basic Literature**

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

### **Time schedule**

Lecture: Tuesday, 15:00-17.45 pm, SR 4, starting on March 5th, 2024.

Midterm exam: May, 14, 2024, 15:00-16:00

Seminar block 1: June 11, 2024, 15:00-17.45

Seminar block 2: June 18, 2024, 15:00-17.45

End term exam: June 25, 2024, 15:00-16:00

### **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 Krugman model
4. Heterogeneous firms and the Melitz-Chaney model
5. The gravity model and regional trade agreements
6. Import tariffs and dumping

## Guidelines for the seminar paper

- The topics of the seminar paper will be discussed in the first lecture.
- Groups of two or three people 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. I will always be available after the lecture for a discussion of your seminar paper.

- The paper is due by Friday, June 7th, 2024.
- The presentation of the paper should last about 20-30 minutes.