



**University of International Business and Economics
International Summer School**

ECON 212 International Trade – Theory and Empirics

Instructor: Dr Dennis Novy
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Credit: 2 units

Students

Economics students (second year and above)

Teaching Language

This course is taught in English.

Prerequisites

Standard microeconomics

Methods of Instruction

Teaching, problem sets and exercises. Also some debates amongst students. We will also go through case studies of international trade, for example about the iPhone and the Barbie doll.

Classroom Capacity

30

Evaluation

Final examination

About the Instructor

Dennis Novy is Associate Professor of Economics at the University of Warwick. He is also a Research Fellow at the Centre for Economic Policy Research (CEPR) and an Associate at the Centre for Economic Performance (CEP) at the London School of Economics. He received a PhD from the University of Cambridge and works in the fields of international trade, international economics and macroeconomics. Dennis has been a recent visitor at the Federal Reserve Bank of New York, the Federal Reserve Bank of St. Louis and the University of California, Davis. Dennis has worked as the Specialist Adviser to the House of Lords for their inquiry into the Transatlantic Trade and Investment Partnership (TTIP).

Course Description

This course is concerned with the theory and empirics of international trade including trade policy. Students will gain an appreciation of world trade and its phenomenal growth in recent decades before developing an understanding of the classic models of trade theory and how to use such models to address

policy issues. The course also equips students with the economic rationale behind labour migration and foreign direct investment by multinational corporations. In terms of the topic of trade policy, the course will develop in students the ability to critically analyse the economic effects of tariffs, antidumping duties and import quotas, and to combine the discussion with case studies such as the Common Agricultural Policy of the European Union.

Syllabus

Course outline

- Part I Introduction

An Overview of World Trade

- Part II International Trade Theory

Comparative Advantage and the Ricardian Model

Resources and the Heckscher-Ohlin Model

Increasing Returns and Imperfect Competition

- Part III Empirics and International Trade Policy

Tariffs, Export Subsidies, Quotas, Voluntary Export Restraints and Case Studies

Strategic Trade Policy

Required Text

The main textbook is:

- Paul Krugman, Maurice Obstfeld and Marc Melitz, *International Economics - Theory & Policy*, 10th edition, Pearson Education, 2015. Earlier editions (in particular the 4th, 5th, 6th, 7th, 8th and 9th editions without Marc Melitz as a co-author) are also fine.

Other textbooks that could be useful are:

- Robert C. Feenstra and Alan M. Taylor, *International Economics*, 2nd edition, Worth Publishers, 2011.

- James R. Markusen, James R. Melvin, William H. Kaempfer and Keith E. Maskus, *International Trade - Theory and Evidence*, McGraw-Hill, 1995.

- Richard E. Caves, Jeffrey A. Frankel and Ronald W. Jones, *World Trade and Payments - An Introduction*, 10th international edition, Pearson Addison Wesley, 2007.

- Dennis Appleyard, Alfred Field and Steven Cobb, *International Economics*, 7th edition, McGraw-Hill, 2009.

Reference Readings

Apart from the above textbook material, additional reading and references will be provided during the course.