Georg-August-Universität Göttingen **Module M.WIWI-VWL.0092: International Trade**	6 C 4 WLH

Learning outcome, core skills: After a successful completion of the course students have achieved following competences: • give an overview of the core theoretical concepts explaining international trade patterns by means of various sources of trade flows like different technologies or factor endowments, • understand and apply the concepts of comparative and absolute advantage, • analyze the effects of international trade on the trading partners with respect to (i) their production and overall welfare, (ii) the reallocation of resources in the production process, (iii) the change in factor prices, • evaluate and critically reflect the gains and losses of international trade, • evaluate the consequences of different trade policies like tariffs and subsidies.	**Workload:** Attendance time: 56 h Self-study time: 124 h

Course: M.WIWI-VWL.0092.Lec **International Trade** (Lecture) *Contents*: *The Ricardian model* Mathematical and graphical analysis of the trade equilibrium in a neoclassical model explaining inter-industry trade with one production factor and (i) two goods, as well as (ii) a continuum of goods. Analysis of the trade effects on production and consumption, wages and overall welfare gains from trade. *The Heckscher-Ohlin model* Mathematical and graphical analysis of the trade equilibrium in a neoclassical model with two production factors. Analysis of trade effects on production and consumption, factor prices, and of distributional effects as implied by the Stolper-Samuelson Theorem. Analysis of the effects of changes in resource endowments as implied by the Rybczynski Theorem. Empirical test of the Heckscher-Ohlin model.Generalization of the Heckscher-Ohlin model to many production factors and goods by means of the Heckscher-Ohlin-Vanek model. Empirical test of Heckscher-Ohlin-Vanek model. Derivation of the specific-factors model with more production factors than goods and analysis of changes in goods prices and factor endowments. *Imperfect competition in international trade* Mathematical and graphical analysis of the Krugman model with increasing returns to scale and monopolistic competition as an explanation of intra-industry trade. Non-formal extensions of the Krugman model with (i) consumer CES preferences and (ii) heterogeneous technologies across firms, and the Melitz model. Formal derivation of the empirical Gravity equation based on the endowment model and on the monopolistic competition model. *Trade policy under perfect competition* Graphical analysis of the introduction of tariffs and quotas to the trade equilibrium under perfect competition on economic welfare. Analysis of partial and general equilibrium effects.	2 WLH

Trade policy under imperfect competition Graphical analysis of the introduction of tariffs and quotas to the trade equilibrium under monopolistic market power on economic welfare. Formal derivation of the median voter model to analyze political decisions on the usage of trade policies.	
Course: M.WIWI-VWL.0092.Ex **International Trade** (Exercise) *Contents*: In the accompanying practice session students deepen and broaden their knowledge from the lectures.	2 WLH
Examination: Written examination (90 minutes) M.WIWI-VWL.0092.Mp: International Trade	6 C

Examination requirements: • Demonstrate a profound knowledge of the core theoretical concepts in international trade, • show the ability to analyze the welfare and distributional effects of international trade by means of graphical and mathematical tools, • show the ability to analyze the effects of trade policies, • students should be able to assess the theoretical models with respect to empirical applications.	

Admission requirements: none	**Recommended previous knowledge:** none
Language: English	**Person responsible for module:** Prof. Dr. Udo Kreickemeier
Course frequency: each semester	**Duration:** 1 semester[s]
Number of repeat examinations permitted: twice	**Recommended semester:** 1 - 2
Maximum number of students: not limited	