

Georg-August-Universität Göttingen Module B.WIWI-VWL.0076: International Trade: Theory and Policy	6 C 4 WLH
<p>Learning outcome, core skills: After a successful completion of the course students are able to:</p> <ul style="list-style-type: none"> • 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 nominal factor prices, and (iv) on changes in the purchasing power of consumers, • evaluate and critically reflect the gains and losses of international trade, • evaluate the consequences of different trade policies like tariffs and subsidies. 	<p>Workload: Attendance time: 56 h Self-study time: 124 h</p>
<p>Course: B.WIWI-VWL.0076.Lec International Trade: Theory and Policy (Lecture) <i>Contents:</i></p> <p>I. The Ricardian model Analysis of the trade equilibrium in a neoclassical model explaining inter-industry trade with one production factor and two goods. Analysis of the trade effects on production and consumption, wages and overall welfare gains from trade. Extension to continuum of goods.</p> <p>II. The Specific-Factors model The welfare effects and distributional effects of international trade in a medium-run model, in which not all factors of production are mobile between sectors.</p> <p>III. The Heckscher-Ohlin model Analysis of the trade equilibrium in a neoclassical model with two production factors, both of which are mobile across sectors. 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.</p> <p>IV. International Migration Graphical analysis of the welfare effects and the distributional effects of international migration in the medium run and in the long run.</p> <p>V. 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 extension of the Krugman model to the case of heterogeneous technologies across firms.</p> <p>VI. 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.</p>	2 WLH

VII. 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.		
Course: B.WIWI-VWL.0076.Ex International Trade: Theory and Policy (Exercise) <i>Contents:</i> In the accompanying practice session students deepen and broaden their knowledge from the lectures.		2 WLH
Examination: Written examination (90 minutes) B.WIWI-VWL.0076.Mp: International Trade: Theory and Policy		6 C
Examination requirements: <ul style="list-style-type: none"> • Demonstrate a profound knowledge of the core theoretical concepts in international trade, • show the ability to analyze welfare and distributional effects of international trade using graphical and mathematical tools, • show the ability to analyze the effects of trade policies. 		
Admission requirements: none	Recommended previous knowledge: B.WIWI-OPH.0007 Microeconomics I, B.WIWI-VWL.0001 Microeconomics II	
Language: English	Person responsible for module: Prof. Dr. Udo Kreickemeier	
Course frequency: each winter semester	Duration: 1 semester[s]	
Number of repeat examinations permitted: twice	Recommended semester: 4 - 6	
Maximum number of students: not limited		