

Diplom-Volkswirt Thomas Dürmeier

duermeier@uni-kassel.de (please mention course “MSOC IntEcon”)

office hours: Monday, 4-5 pm, room 3106 Incon building (Moritzstr.)

Summer term 2006

# *Introduction to International Economics*

Version: 21.4.06

**MCCII (9 credits), Room 3308 - Nora-Platiel-Street 1**

**Wednesday, 9-11 am lecture, 11-12 tutorial**

This course employs basic micro- and macroeconomic theories to analyze the economic interdependence between nations, corporations and people. We will examine the international flow of goods and services, resources, assets, people and money between a nation and the rest of the world, the policies directed at regulating those flows, and the effects of such policies. Special attention will be given to the evaluation of government policies and current trends affecting the international economy. Empirical topics focus on development, transnational corporations and global labour markets.

After this course, you will be able to utilize basic models and concepts of international economics, to work with general economic literature and statistics and to assess economic arguments related to international economics.

A good preparation for the course would be to: read one book from a globalization protagonist:

Bhagwati, J. (2000): *The wind of 100 days*; Wir HI 0180

Wolf, M. (2004): *Why globalization works*; Wir HI 0214

Stiglitz, J. (2002): *Globalization and its Discontent*; dt, 25 pol U 1 STI

LITERATURE: Reader plus textbook (Ethier: *Modern International Economics*)

COURSE REQUIREMENTS:

1. Readings: The course is built around the readings. So please read carefully. For each session there are one or two texts.
2. One quick factual research: You will be asked to do a little research on financial markets. The tasks will be handed out at the beginning of the course.
3. Three homework assignments: You will be asked to explain some concepts in your own words and to solve some models with calculus and graphs.
4. Research paper (20 pages)

CLASS SCHEDULE AND READINGS: *Regulating Global Finance (version 21.4.06)*

Texts marked by \* are necessary.

Week	Topic	Readings
(1) 19 <sup>th</sup> April	Introduction Economics	PINDYCK ET AL. (2001) Chapter I, II, XVI (pp. 567-569, 574-578); BEGG ET AL. (1997) Chap I, II
(2) 26 <sup>th</sup> April	Trade (Smith, Ricardo) (Terms of trade)	*RICARDO (1937) Chap. VII ETHIER (1995) Chap. I (without pp. 30-33) Further readings: POOL (1990) Chap. II MARKUSEN ET AL. (1995) (pp. 79-83)
(3) 3 <sup>rd</sup>	Heckscher/Ohlin Model a. Standard	*KRUGMAN ET AL. (2003) Chap. IV-V
(4) 10 <sup>th</sup> May	Externalities, Monopoly, Public Goods Econometries 101	ETHIER (1995) (pp. 69-80) PINDYCK ET AL. (2001) Chap. 18 plus pp. 591-593 *BLANCHARD (2000) Appendix III (pp. 10-14) Further: PINDYCK ET AL. (2001) Chap. 17
(5) 17 <sup>th</sup> May	Public Choice (Rent-Seeking, DUPs, ...) <b>Assignment 1</b>	* CAPORASO ET AL. (1992) Chap. VI * MCCHESENEY (2001) Further readings: KRUEGER (1974)
(6) 24 <sup>th</sup> May	Trade Policy (Tariffs, Quotas, VER,...)	* PINDYCK ET AL. (2001) Chap. IX KRUGMAN ET AL. (2003) Chap. VIII-IX (pp. 185-223) Further readings: KRUGMAN ET AL. (2003) Chap. XI
(7) 31 <sup>st</sup> May	FDI-TNCs Labor Markets	* IETTO-GILLIES (2005) Chap. I, II, V, X KRUGMAN ET AL. (2003) (pp. 160-169) Further: IETTO-GILLIES (2005) Chap. VI, XIII, XV
(8) 7 <sup>th</sup> June	Global Finance (AS-AD, IS-LM) <b>Assignment 2</b>	* BLANCHARD (2000) Chap. V, VII
(9) 14 <sup>th</sup>	The Mundell-Fleming Model	* BLANCHARD (2000) Chap. XVIII-XX
(10) 21 <sup>st</sup>	Supply-Side vs. Post-Keynesian	* BLECKER (1999) Chap. II
(11) 28 <sup>th</sup> June	Post-Autistic, History of Economic Ideas, Radical Economics <b>Assignment 3</b>	*DÜRMEIER (2005); * SHAIKH (1980) FITZGERALD (1994); MAINWARING (1994) Tutorial text: BAIMAN (2006)
(12) 5 <sup>th</sup> July	Welfare Economics, Cost-Benefit-Analysis (Sen)	* SEN (2000) Chap. 3; * EICHENGREEN (2004) PINDYCK ET AL. (2001) repeat pp. 574-579 Further readings: ROBEYNS (2003)
(13) 12 <sup>th</sup> July	Development and Growth Feminist Economics	* CYPHER ET AL. (1997) Chap. VI Further readings: Chap. IV, XVI
(14) 19 <sup>th</sup> July	Final Discussion or Current Topic <b>paper deadline: 10<sup>th</sup> August</b>	*SAMUELSON (2004); * BLECKER (2003) Further readings: World Economics Outlook 2006, Chap. I

# Literature

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- McChesney, Fred S. "Rent seeking and rent extraction," in Shughart, William F., eds., *The Elgar companion to public choice*. Elgar: Cheltenham [u.a.], 2001, pp. Chapter 18, 379-395.
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