

Syllabus

Name:			
International Trade and the Multinational Firm			
Responsible:			
Professor Dr. Michael Pflüger, Chair of International Economics			
Program:	Type:	Term:	ECTS:
Master	Lecture	Winter	5
Contents & Objectives:			
<p>The course starts out with newest developments concerning theories of international trade based on comparative advantage (Ricardo and Heckscher-Ohlin) followed by theories based on monopolistic and oligopolistic competition to explain intra-industry trade. The final part covers firm heterogeneity and multinational firms.</p> <p>The students acquire the ability to critically understand the causes and drivers of world trade and the developments of specialization patterns in the global economy. They learn to analyze, discuss and defend these developments and to apply the tools and methods to evaluate controversies associated with the ongoing deepening of the international division of labor, in particular the repercussions of the global economy on national economies.</p>			
Prerequisites:			
sound knowledge of basic microeconomic concepts; familiarity with intermediate international economics			
Course Structure:			
Week	Content		
1	I Ricardian trade theory		
2	II Heckscher-Ohlin trade theory		
3	III The general neoclassical model		
4	IV Sector-specific factors: The Ricardo-Viner model		
5	V New trade theory: Intra-industry trade, increasing returns to scale and imperfect competition		
6	VI Firm heterogeneity, trade and FDI		
7	VII The multinational firm		
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Literature:

A detailed list of references, notably journal articles, is provided with each chapter of the lecture. The lecture also draws on material from the following books:

[1] Barba Navaretti, G. and A.J. Venables (2004), *Multinational Firms in the World Economy*. Princeton University Press

[2] Caves, R., R.W. Jones and J.A. Frankel (2007), *World Trade and Payments*, Addison Wesley

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| [3] Feenstra, R.C. (2004), Advanced International Trade. Theory and Evidence. Princeton University Press |
| [4] Gandolfo, G. (1998), International Trade Theory and Policy, Springer-Verlag, Berlin und New York |
| [5] Helpman, Elhanan (2011), Understanding Global Trade, Princeton |
| [5] Markusen, J.R., J.R. Melvin, W.H. Kaempfer, K. E. Maskus (1995), International Trade, McGrawHill |

Grading:

Written final exam

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