

WU

WIRTSCHAFTS
UNIVERSITÄT
WIEN VIENNA
UNIVERSITY OF
ECONOMICS
AND BUSINESS



Field Course: International Economics

Master-Program Economics

People in the Department of Economics

- **Harald Badinger**, Ingrid Kubin, Birgit Meyer, **Katrin Rabitsch**, Harald Oberhofer

Structure

- 3h lecture course plus 2h research seminar
- Covers core topics of trade theory, international macroeconomics and international finance

Learning Objectives

- After this class students should have a sound knowledge of the main theories of international trade and international finance, understand their empirical implications, and be able to apply them to real world issues and questions of economic policy relevance.

International Economics

Winter term 2022/23

International Economics, Tusha + Rabitsch

Thursday, 11.30-15.00, weekly, starts on October 5, 2023

■ **Prerequisites**

Sound knowledge of microeconomics, macroeconomics, mathematics
Knowledge in econometrics is helpful

■ **Contents**

■ Trade Theory

- Causes and Consequences of Trade
- Ricardo-, specific factor-, Heckscher-Ohlin-, new trade theory - models
- (Globalization: FDI, migration)

■ International Macro/Finance

- Business-cycle/ monetary macro models with focus on open macro dimensions: behavior of trade balance and current account; behavior of international relative prices (terms of trade and exchange rates)
- causes and consequences of international financial integration and globalization
- country portfolios, international financial flows and the international monetary system

International Economics

Lecture (first part of term – end of May)

■ Teaching Methods, Grading

- Lectures
- Mid-term + final test (each 40 points)
- Two assignments (each 10 points)
- One (policy) presentation (5 bonus points)

■ Basic Literature

- Feenstra, R. (2004). *Advanced International Trade*. Princeton: Princeton University Press.
- Markusen, J.R., Melvin, J.R., Kaempfer, W.H., and Maskus. K.E. (1995). *International Trade: Theory and Evidence*. New York et al.: MacGraw-Hill.
- Dixit, A. and Norman, V. (2002). *Theory of international trade: a dual, general equilibrium approach*. Reprint. Cambridge et al.: Cambridge University Press, 2002.
- Uribe, Martin and Stephanie Schmitt-Grohe (2017). *Open Economy Macroeconomics*. Princeton University Press
- Selected Papers

Examples of topics covered in the TRADE part of the course

Boris Johnson



- Which Brexit?

Donald Trump



- Nafta and other trade agreements
- China and exchange rate
- Mexico and tariffs

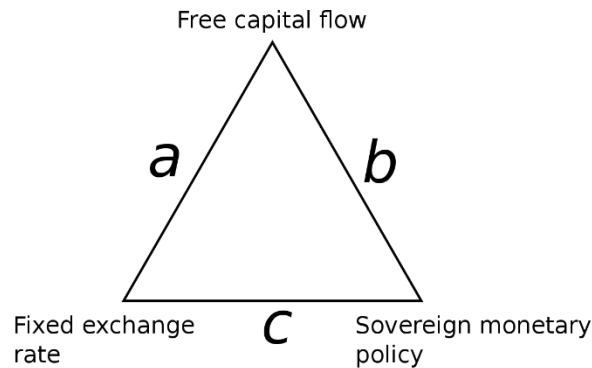
Angela Merkel



- Migration
- Europe
-

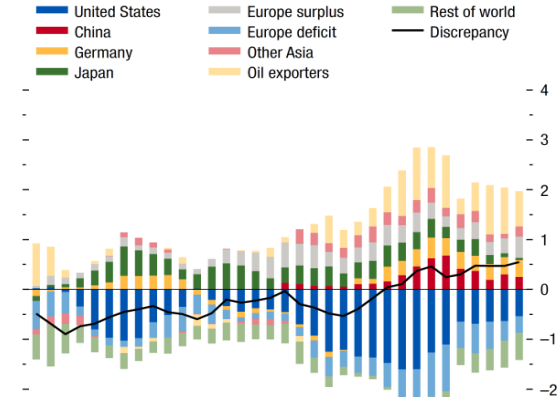
Examples of topics covered in the INTERNATIONAL FINANCE part

Dilemma not Trilemma?



- Does the impossible trinity still hold? Or worse?
- Global financial cycle driven by advanced economies?

Global Imbalances



- Direction of international capital flows?
- Secular stagnation vs. safe asset scarcity
- Exorbitant privilege versus exorbitant duty

International Economics Research Seminar

- **Recommended prerequisite:**
 - MA Macro core courses, any previous BA course on international economics is advantageous but not necessary

- **Preparation and presentation of term paper**
 - Topic of your own choice
 - In groups

- **Topical inputs:**
 - End of November/ early December

- **Topic Pitch:**
 - Presentation of research question
 - December

- **Presentation:**
 - January

International Economics Provisional Schedule (example, from summer term 2022)

	Lecture part	Seminar part
05.10.2023	Part international trade	---
12.10.2023	Part international trade	---
19.10.2023	Part international trade	---
02.11.2023	Part international trade	---
09.11.2023	Midterm; Part international macro	Introduction; Topic inputs
16.11.2023	Part international macro	---
23.11.2023	Part international macro	---
07.12.2023	Part international macro	---
14.12.2023	Part international macro	---
21.12.2023	Final Test	Topic Pitch
11.01.2024		Q&A Session
18.01.2024		Q&A Session
25.01.2024		Student Presentations
01.02.2024		Student Presentations

International Economics selected past R&P Topics

- **Low global real rates, secular stagnation and the paradox of global thrift**
- **The global financial cycle and the dilemma**
- **New Quantitative Trade Model**
- **Trade and Migration**
- **Trade and Unemployment**
- **Monetary Policy and Exchange Rates: an SVAR approach**
- **Safe Debt and Currency Crises**
- **Home Bias in Open Economy: a different menu of assets**