International Economics Theory and Policy

1. Introduction
   1.1. What is International Economics About
   1.2. Looking at the Facts

2. International Trade Theorie
   2.1. Labor Productivity and Comparative Advantage: The Ricardian Model
      2.1.1. The Concept of Comparative Advantage
      2.1.2. Trade in a One-Factor World
      2.1.3. Misconceptions About Comparative Advantage
      2.1.4. Adding Transport Costs and Nontraded Goods
   2.2. Resources, Comparative Advantage and Income Distribution
      2.2.1. A Model of a Two-Factor Economy
      2.2.2. Effects of International Trade Between Two-Factor Economies
   2.3. The Standard Trade Model
   2.4. Economies of Scale, Imperfect Competition, and International Trade
      2.4.1. Monopolistic Competition and Trade
      2.4.2. Dumping
      2.4.3. The Theory of External Economies
   2.5. International Factor Movements
      2.5.1. International Labor Mobility
      2.5.2. International Borrowing and Lending

3. International Trade Policy
   3.1. Instruments of Trade Policy
      3.1.1. Basic Tariff Analysis
      3.1.2. Other Instruments of Trade Policy
         3.1.2.1. Import Quota
         3.1.2.2. Voluntary Export Restraint
         3.1.2.3. Subsidies
   3.2. The Political Economy of Trade Policy
      3.2.1. The Case for Free Trade
      3.2.2. National Welfare Arguments Against Free Trade
      3.2.3. Income Distribution and Trade Policy
      3.2.4. International Negotiations and Trade Policy
   3.3. Trade Policy in Developing Countries
      3.3.1. Import-Substituting Industrialization
      3.3.2. Trade Liberalization Since 1985
      3.3.3. Export-Oriented Industrialization: The East Asian Miracle
      3.3.4. Controversies in Trade Policy
   3.4. Industrial Policy in Advanced Countries
      3.4.1. Sophisticated Arguments for Activist Trade Policy
      3.4.2. Globalization and Low-Wage Labor
      3.4.3. Globalization and the Environment

4. Exchange Rates and Open-Economy Macroeconomics
   4.1. National Income Accounts und the Balance of Payment
      4.1.1. National Income Accounting for an Open Economy
      4.1.2. Balance of Payments Accounts
   4.2. Exchange Rates and the Foreign Exchange Market: An Asset Approach
   4.3. Money Interest Rates, and Exchange Rates
4.3.1. Money Defined: A Brief Review
4.3.2. The Money Demand
4.3.3. The Interaction of Money Supply and Demand
4.3.4. The Money Supply and the Exchange Rate in the Short Run
4.3.5. Money, The Price Level, and the Exchange Rate in the Long Run

4.4. Price Levels and the Exchange Rate in the Long Run
4.4.1. The Law of One Price
4.4.2. Purchasing Power Parity
4.4.3. Explaining the Problems with PPP
4.4.4. A General Model of the Short Run Real Exchange Rate
   4.4.4.1. Equilibrium Conditions in the Short Run
   4.4.4.2. Politics and the Real Exchange rate
      4.4.4.2.1. Trade Policy
      4.4.4.2.2. Government Expenditures
      4.4.4.2.3. Political Crisis
4.4.5. The Long Run Real Exchange Rate

4.5. Fixed Exchange Rates and Foreign Exchange Intervention
4.5.1. Central Bank Intervention and the Money Supply
4.5.2. Stabilization Policies with a Fixed Exchange Rate
4.5.3. Balance of Payments Crises and Capital Flight

5. International Macroeconomic Policy
5.1. The International Monetary System, 1870-1973
   5.1.1. Macroeconomic Policy Goals in an Open Economy
   5.1.2. The International Gold Standard and the Great Depression
   5.1.3. The Bretton Woods System and the International Monetary Fund
5.2. Macroeconomic Policy and Coordination under Floating Exchange Rates
   5.2.1. The Case for Floating Exchange Rates
   5.2.2. The Case against Floating Exchange Rates
   5.2.3. International Policy Coordination Failures
5.3. Optimum Currency Areas and the European Experience
   5.3.1. The European Monetary System
   5.3.2. The European System of Central Banks
   5.3.3. Benefits and Costs of a Fixed Exchange Rate Area
5.4. Developing Countries: Growth, Crisis, and Reform
   5.4.1. Structural Features of Developing Countries
   5.4.2. Developing-Country Borrowing and Debt
   5.4.3. China’s Undervalued Currency
   5.4.4. Reforming the World’s Financial “Architecture”

Literatur