

International Trade and Factor Mobility

Instructor: Gerald Willmann
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OHs: Tuesday 2-4 and whenever you can get hold of me

Course Content: International Trade and Factor Mobility are both essential ingredients of global economic integration. While the former is an established topic that has been relatively well researched, the latter is an exciting, new area of research. We will investigate the nexus between the two and then explore interesting issues in the open field that is International Factor Mobility. There is no set curriculum for such a class and the course outline below is meant as a rough roadmap. The class will profit from and to some extent be shaped by your interests and suggestions.

Prerequisites: Intermediate Micro plus some exposure to International Economics, in particular Trade.

Format: We shall meet every Wednesday from 2:15 - 3:45 in room 213, WSP 1 (econ building) and Fridays from 8:15 - 9:45 in room 506, WSP 1. First class is June 6.

Literature: Paul R. Krugman and Maurice Obstfeld, *International Economics: Theory and Policy*, 5th edition, Addison Wesley Longman
Assaf Razin and Efraim Sadka, *Cross-Border Flows: Labor, Capital and Finance*, to be published by Cambridge University Press, available from www.tau.ac.il/~razin
Journal articles as we go along - to be made available by the instructor.

Grading: Optional biweekly quizzes (given on June 15, June 29, and July 13 at the end of those days' lecture, each containing one question) offer you the opportunity to answer (up to) three questions early on during the course. The final (date and time to be announced) then consists of four questions.

You are responsible for answering four out of these seven questions.

It is highly recommended (though not required) that you take the quizzes in order to be less time constrained on the final. If you choose to answer more than four questions only the four best answers will count towards your grade.

Course Outline:

1. Trade and/or Factor Mobility
 - 1.1. Classical Trade Models
 - 1.2. Factor Price Equalization
 - 1.3. Integrated Economy
 - 1.4. Gains from Trade and Factor Mobility
 - 1.5. Extensions
2. Migration
 - 1.1. History and Facts
 - 1.2. Models of Migration
 - 1.3. Impact on Welfare State
 - 1.4. Political Economy Approaches
 - 1.5. Current Migration Debate in Germany
3. Foreign Direct Investment
 - 3.1. What is FDI
 - 3.2. Models of FDI
 - 3.3. Home Bias
4. Capital Flows
 - 4.1. Facts and Figures
 - 4.2. Policy Proposals
 - 4.3. Let's speculate against the Dollar

Class Material: There will be weekly hand-outs specifying what we will cover each week, the assigned readings for the week, and providing a few practice questions to help you prepare for the quizzes. All class material will be available on the web at <http://www.wiso.uni-kiel.de/econ/vorlesungen/facmobil> in portable document format (PDF). You need to have Acrobat Reader (available for free from www.adobe.com) or an alternative pdf viewer such as ghostview or xpdf installed to read/print PDF.

Important Dates: first class Wednesday June 6
biweekly quizzes every other Friday (6/15, 6/29, 7/13)
final date and time to be announced

enjoy the class, *Gerald Willmann*