

UNIVERSITY OF NAIROBI

SCHOOL OF ECONOMICS

PhD INTERNATIONALECONOMICS COURSE OUTLINE 2020

1. Introduction

This outline and associated readings are developed for a PhD - level course in International Economics which is one of the electives offered under AERC's Collaborative PhD Degree Programme in Economics. In view of the intended use of the course, both the outline of issues and topics slated for discussion and the associated readings pay considerable attention to the contemporary concerns of Africa.

2. Pre-requisites

The student must have a background in International Economics at least at the undergraduate level. In addition, the student must have covered the following core courses: Microeconomics, Macroeconomics and Quantitative Methods.

3. Course Objectives

The course seeks to sharpen and reinforce the expertise of the student with respect to the economic theories, models and methodologies used for the analysis of key international trade and finance issues in the context of varying institutional arrangements and settings. This course is aimed at providing students with an in-depth and rigorous analysis of advanced international economics by relating the topics to the conditions in Africa. The course has the following specific objectives, which seek to:

- (i) Familiarize the student with important facts on the global economy and international economic institutions;
- (ii) Acquaint the student with the analytical tools that economists use to investigate international economic interactions;
- (iii) Develop an understanding of the mechanisms of international trade and finance, and the way in which participation in the international economy affects consumers, businesses, economic policy and the economy in general;
- (iv) Explore the implications of the theories on African economies; and
- (v) Equip students with the skills to develop alternative theoretical and empirical approaches applicable to African economies.

4. Learning Outcomes

On completing this course the student should be expected to have:

- (a) Profound knowledge and understanding of the theories, empirical and policy issues relating to international trade and finance; and
- (b) Professional skills in research, consultancy, policy analysis and advice.

5. Course Structure and Duration

The course comprises two parts: Part I - International Trade (Semester 1); and Part II - International Finance (Semester 2). Delivery of the course will take the form of:

- Lectures and class presentations;
- Seminars;

- Term papers; and
- Tutorials.

6. Mode of Assessment and Grading

Students will be assessed both by continuous assessment and final exam. The weighting will be as follows:

- Continuous assessment (take home assignments, sit-in tests, term paper and presentations) 40%; and
- Final Examination 60%.

INTERNATIONAL ECONOMICS I (60 HOURS)

TOPICS

(INTERNATIONAL TRADE)

1. International Trade Theory (18 Hours) 1.1 Comparative Advantage Theories

1.2 The New Trade Theories

2. Trade Policy (17 Hours) 2.1 Tariff and Non-Tariff Barriers to Trade; Effects on Trade, Production, Consumption and Economic Welfare (Under Perfect and Imperfect Market Structures)

2.2 Product and Factor Market Distortions and Trade Policy

2.3 Trade Liberalization and Economic Integration

3. Trade, Growth and Development (15 Hours) 3.1 Trade and Growth Models

3.2 Import Substitution Versus Export Promotion Strategy of Industrialization

3.3 Trade and Immiserizing Growth

3.4 Factor Mobility and the Rybczynski Theorem

3.5 A Comparative Analysis of Trade, Growth and Development in Emerging and African Countries

3.6 Trade and Poverty

3.7 Trade and Informal Sector

3.8 Trade and Climate Change

3.9 Aid for Trade

4. International Trade Institutions (10 Hours) 4.1 Political Economy of Trade Policy

4.2 The Structure and Organization of GATT/ WTO

4.3 Regional and Multilateral Trade Negotiations (Special and Differential Treatment for the Least-Developed and Developing Countries; Lome Convention; and EPAs)

5. International Finance Theory (30 Hours) 5.1 Open Economy Models

5.2 Balance of Payments

5.3 Exchange Rate Economics

6. Regional and International Financial Arrangements (15 Hours) 6.1 Optimum Currency Areas (Theory and Practice: CFA; WAEMU; CMA; And EMU)

6.2 International Financial Architecture: (IMF, World Bank, African Development Bank); International Payments System; International Coordination; Structure and Composition; Financial Reforms; and International Financial Regulations

6.3 Governance and Stability of the International Financial System.

7. International Financial Policies (15 Hours) 7.1 International Capital Flows

7.2 Global Financial Crisis and Policies

7.3 Foreign Aid and Foreign Debt

7.4 Trade Finance

MAIN TEXTBOOKS

The course outline specified for each module is broad. The suggested reading list includes text books, surveys and seminal articles. The instructor will thus have the necessary flexibility to update both in the teaching process.

1. Bhagwati, J.N., Panagariya A. and T.N. Srinivasan (1998), *Lectures on International Trade*. 2nd Edition, Cambridge MIT Press.
2. Bowen, H.P., A. Hollander, & J. Viaene (2012), *Applied International Trade Analysis*, 2nd Edition, London, Macmillan Ltd.
3. Feenstra, Robert C (2016), *Advanced International Trade: Theory and Evidence* Princeton University Press.
4. Hallwood, C. Paul and Ronald MacDonald (2000), *International Money and Finance*, 3rd edition. Blackwell Publishers, Malden MA.
5. Montiel, Peter J. (2009), *International Macroeconomics*. Wiley and Blackwell.
6. Nelson, Mark (2001), *International Macroeconomics and Finance: Theory and Econometric Methods*. Blackwell Publishers.
7. Pikoulakis, Emmanuel (1995), *International Macroeconomics*. London: Macmillan.

Other Recommended Books

1. Argy, V. (2013), *International Macroeconomics: Theory and Policy*. London: Routledge.
2. Chenery, H. and T.N. Srinivasan (eds.) (1989), *Handbook of Development Economics, Vol. II*. Amsterdam, North Holland.
3. De Melo, Jaime and Jean-Marie Grether (1997), *Commerce International: Théories et Applications*. Paris: De Boeck Université.
4. Dunning, J. H. & Lundan, S. M. (2008). *Multinational Enterprises and the Global Economy*. 2nd edition: Edward Elga Publishing.
5. Grossman, Gene and Kenneth Rogoff (eds.) (1995), *Handbook of International Economics, Vol. III*. Amsterdam: North Holland.
6. Greenaway, D. and C.R. Milner (1986), *The Economics of Intra-Industry Trade*. Oxford, Basil Blackwell.

7. Greenaway, D. and C.R. Milner (1993), *Trade and Industrial Policy in Developing Countries*. London, Macmillan.
8. Greenaway, D., Falvey, R., Kreickemeier, J., and Bernhofen, D. (2013) *Palgrave Handbook of International Trade*. Macmillan
9. Grossman, Gene and Kenneth Rogoff (eds.) (1996), *The Handbook of International Economics*. North Holland – Elsevier Press.
10. Grossman, Gene and E. Helpman (1993), *Innovation and Growth in a Global Economy* MIT Press
11. Helpman, E. and P. Krugman (1987), *Market Structure and Foreign Trade*. MIT Press, Cambridge MA.
12. Jones, Ronald, and P.B. Kenen. (eds.) (1984), *Handbook of International Economics, Vol. I and II*. Amsterdam: North Holland.
13. Kierzkowski, Henry (ed.) (1994), *Monopolistic Competition and International Trade*. Oxford: Clarendon Press.
14. Leamer, E.E. (1984), *Sources of International Comparative Advantage: Theory and Evidence*. MIT Press, Cambridge, MA.
15. Markusen, James R., J.R. Melvin, William H. Kaempfer and Keith E. Maskus (1995), *International Trade: Theory and Evidence*. New York: McGraw-Hill.
16. Obstfeld, Maurice and Kenneth Rogoff (1996), *Foundations of International Macroeconomics*. Cambridge, MA, MIT Press.
17. Oyejide, Ademola, Ibrahim Elbadawi and Paul Collier (2001), *Regional Integration and Trade Liberalization in Sub Saharan Africa: Framework, (Volumes 1-3)*. London: Macmillan.
18. Pilbeam, K. (2013), *International Finance*, 4th edition, Palgrave (Ebook).
19. Shapiro, A.C. (2009), *Multinational Financial Management*, 9th edition. John Wiley & Sons Inc, New York.
20. Stiglitz, Joseph (2015), *Globalization and its Discontent*,
21. Ugur, Mehmet (ed.) (2002), *An Open Economy Macroeconomics Reader*. London: Routledge.
22. van der Ploeg, Frederick (ed.) (1994). *The Handbook of International Macroeconomics*. Oxford: Blackwell.
23. Williamson, John and C. Milner (1991), *The World Economy: A Textbook in International Economics*. London: Harvester-Wheatsheaf.