

Title of the Module: Regional Economic Integration	Lecturer: Prof. Dr. Pedussel-Wu
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Programme: M.A. International Economics

Learning objectives

This course examines questions of regional economic integration from both a theoretical and a practical view. We begin by examining the economic literature concerning the formation of regional integration agreements and consider questions such as: "*Would a nation gain from joining a trade bloc?*"; "*Does spreading regionalism harm world welfare?*"; and "*Does regionalism help or hinder multilateralism?*"

The first part of the course will cover the main theories associated with regional economic integration. The second part of the course will be devoted to exploring the current state of regional integration agreements in the world.

Course outline

1. Introduction to Regional Integration – PTAs, FTAs, MFN, EU, and others
2. Theory of Customs Unions – Trade Creation versus Trade Diversion
3. Is a Customs Union necessarily welfare improving?
4. If not for welfare, why regional integration? A political economy approach
5. Domino Theory
6. Preferential Agreements versus Multilateralism
7. Reciprocity
8. Natural Trading Partners

Main Resources

http://www.wto.org/english/tratop_e/region_e/region_e.htm

Baldwin, R.E., Cohen, D., Sapir, A. and A.Veneables (Eds.). 1999. Market Integration, Regionalism and the Global Economy. CEPR, Cambridge University Press.

Bowen, H.P., Hollander, A., J. Viaene. 1998. Applied International Trade Analysis. The University of Michigan Press.

Bhagwati, J, Krishna, P and A. Panagariya (Eds). 1999. Trading Blocs: Alternative Approaches to Analyzing Preferential Trade Agreements. MIT Press (**BKP**)

Schiff, M and L.A. Winters. 2003. Regional Integration and Development. The World Bank and Oxford University Press.