

Lecture 11 (Luca Salvatici – Roma Tre University)

Assumptions and Results in the Assessment of Trade Liberalization Effects: how to get out from the maze

Reference Book

- Mary E. Burfisher (2011), “Introduction to General Equilibrium Models”, Cambridge University Press, New York, USA.

Lecture topics

This lecture will introduce you to economy-wide trade policy analysis using a computable general equilibrium (CGE) model:

1. Objective and major features: why are CGE models needed?
2. Building blocks: recognize, control and interpret the theoretically consistent behavior of consumers and producers in the model
3. Model Closures: define model experiments that represent real-world issues and problems
4. Major applications: interpret model results by calling on and integrating your knowledge of multiple fields of economic study
5. Limitations and extensions

Readings

- Ackerman F. and K. P. Gallagher, The Shrinking Gains from Global Trade Liberalization in Computable General Equilibrium Models A Critical Assessment , International Journal of Political Economy, vol. 37, no. 1, Spring 2008, pp. 50–77 (ISSN 0891–1916/2008 \$9.50 + 0.00. DOI 10.2753/IJP0891-1916370103)

Advanced readings

- Dixon, Peter, Michael Jerie and Maureen Rimmer (2015), Modern Trade Theory for CGE Modelling: the Armington, Krugman and Melitz Models, GTAP Technical Paper, No. 36