



International Economics, 17th edition

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What's New in the Seventeenth Edition?

GLOBAL

Many new or recent events and policy changes that continue to transform the global economy are woven throughout, to provide current examples that show the practical use of the book's international economic analysis. Also incorporated is current and recent economic research that provides useful new insights into the effects of international economic activities and government policies toward international trade and finance, including:

- "China Shock" research led by David Autor, David Dorn, and Gordon Hanson;
- Effects of growth of U.S. imports from Mexico on U.S. wages, research by Shushanik Hakobyan and John McLaren;
- Research on the effects of sanctions against Iran by Mohammad Reza Gharibnavaz and Robert Waschik;

- Recent research on the effects of immigrant workers on the earnings of native workers by a number of economists.

Facts and figures from numerous economic and governmental reports have been updated, and graphs, tables, and formulas have been updated, replaced, or added as needed. The following significant updates/changes have been made by chapter.

Chapter-by-Chapter Changes

CHAPTER 1 International Economics Is Different

Four examples of controversies inherent in international economics are explored, including:

- The trade war of 2018, triggered by U.S. tariffs
- Immigration and the rise of anti-immigrant rhetoric and actions in the U.S. and Europe
- “Brexit” – the UK’s decision in 2016 to end its membership in the EU
- China’s exchange rate and fluctuations in the value of the yuan

CHAPTER 2 The Basic Theory Using Demand and Supply

The fundamentals of how trade works, with:

- Fully updated case study on the importance of international trade
- Boxed exploration of the trade effects of the global financial and economic crisis that started in 2007, updated through 2016

CHAPTER 3 Why Everybody Trades: Comparative Advantage

- Updated “Focus on Labor” box, Absolute Advantage Does Matter, with average labor productivity and average wage in manufacturing for 59 countries

CHAPTER 4 Trade: Factor Availability and Factor Proportions Are Key

- Updated “Focus on China” box: The Opening of Trade and China’s Shift out of Agriculture
- Three recent studies on cross-country differences as sources of comparative advantage added to Suggested Reading

CHAPTER 5 Who Gains and Who Loses from Trade?

- Updated (2016) “Focus on China” box on China’s Exports and Imports
- “Focus on Labor” box on U.S. jobs and foreign trade expanded to discuss impact of increased U.S. tariffs on U.S. jobs

CHAPTER 6 Scale Economies, Imperfect Competition, and Trade

- Updated facts, figures, and table on intra-industry trade
- Updated “Extension” box: The Gravity Model of Trade

CHAPTER 7 Growth and Trade

- Updates to “Focus on Labor” box: Trade, Technology, and U.S. Wages

CHAPTER 8 Analysis of a Tariff

- New discussion of Trump’s tariffs on U.S. imports of steel and aluminum, in the economic analysis of tariffs
- Numerous updates (2018) to “Global Governance” box on the WTO and GATT: Tariff Success
- Technical analysis of impact of export taxes on world well-being added to Suggested Reading

CHAPTER 9 Nontariff Barriers to Imports

- Updated and expanded coverage of the failure of the Doha Round of trade negotiations and the WTO shift to narrower multilateral agreements on specific issues
- New discussion of 2018 U.S. use of VERs and quotas to reduce steel exports to the U.S.
- Updated and rewritten “Focus on China” box covering China’s rising involvement in the WTO dispute process, both as alleged violator and as complainant
- •New coverage of the Section 301 complaint brought by the U.S. against China in 2017
- Updated coverage of the WTO dispute settlement procedure, including recent complaints.

CHAPTER 10 Arguments for and against Protection

- Analysis of shortcomings of the national defense argument in favor of tariffs applied to 2018 U.S. tariffs on steel and aluminum imports
- Revised explanation of a first-best world
- New discussion of government intervention to assist workers in declining or dying industries, including the impact of the “China Shock” on U.S. jobs
- Updates on trade adjustment assistance and on developing government and national defense arguments for tariffs
- Updates to case study on U.S. protectionist policies toward sugar

CHAPTER 11 Pushing Exports

- Updated coverage (2017) of top 11 initiators of antidumping cases
- Updated case study, “Antidumping in Action,” with focus on U.S. steel industry, including wave of dumping complaints in 2015-2016
- New examples of safeguard policy: 2018 U.S. tariffs on washing machine and solar panel imports
- Updated and expanded coverage of U.S. countervailing and antidumping duties imposed on Canadian lumber in 2018

- Updated case study on agricultural subsidies and “Global Governance” box on WTO cases regarding subsidies to Airbus and Boeing

CHAPTER 12 Trade Blocs and Trade Blocks

- Revised and updated survey of national involvement in trade blocs
- New coverage of Brexit in “The EU Experience” section
- Updates and new information on NAFTA, including negotiations to revise the agreement
- Updates to information on international trade sanctions imposed on Iran

CHAPTER 13 Trade and the Environment

- Global warming discussion revised to incorporate data and projections from recent studies
- Updates to the effect of NAFTA on the environment
- Updates on the 1973 Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), with focus on the African elephant
- Revised coverage of the Kyoto Protocol and new information on the Paris Agreement

CHAPTER 14 Trade Policies for Developing Countries

- Updated (2016) figures on real growth rates and per capita income levels by country for industrialized and developing countries
- Updated and rewritten section on global crude oil prices from 1999 to 2018
- Updated numbers on the changing mix of exports from developing countries

CHAPTER 15 Multinationals and Migration: International Factor Movements

- Updated statistics on foreign direct investment and international portfolio investment
- Substantial updates on multinational enterprises
- Revised/updated “Focus on China” box, including recent changes in Chinese government policies toward inward foreign direct investment
- Coverage of the rise of anti-immigrant sentiment and policies in the U.S. and Europe
- New/revised discussion of the impact of immigration on jobs, wages, and the overall well-being of the receiving country

CHAPTER 16 Payments among Nations

- Revised and updated figure showing “Current Account Balances and Goods and Services Balances for the U.S., Canada, Japan and Mexico”
- Revised “Euro Crisis” box probing leading indicators of the crisis

CHAPTER 17 The Foreign Exchange Market

- Updated (2018) Exchange Rate Quotations

- Updated/rewritten case study on “Foreign Exchange Trading,” which explores the what, where, and who of global exchange trading

CHAPTER 18 Foreign Exchange and International Financial Investment

- New section and new figure show that large deviations from covered interest parity arose during the global crisis, the euro crisis, and more recently
- This section cites research concluding that stricter bank regulation has limited covered interest arbitrage
- New resources added to Suggested Reading

CHAPTER 19 What Determines Exchange Rates?

- Exchange rate figures updated throughout to 2018
- Updated table: national income per capita relative to the United States (for 30 countries)
- Revised and new content on relative PPP

CHAPTER 20 Government Policies toward the Foreign Exchange Market

- New information on IMF’s addition of the Chinese yuan to the set of major currencies used to define the value of the SDR
- Updated (2016) table showing the rapid growth and change in composition of total world holdings of reserve assets
- Updated (2017) table showing exchange-rate policies of most of the world’s countries

CHAPTER 21 International Lending and Financial Crises

- Completely updated (2016) tables on net financial flows to developing countries and on developing countries’ outstanding external debt
- Updated (2017/2018) “Global Governance” box on IMF lending
- Updated “Euro Crisis” box through 2018

CHAPTER 22 How Does the Open Macroeconomy Work?

- Facts and figures updated throughout.

CHAPTER 23 Internal and External Balance with Fixed Exchange Rates

- New organization of presentation of official foreign exchange intervention by a country’s central bank
- New examples of recent currency devaluations by Azerbaijan, Kazakhstan, Egypt, and Nigeria

CHAPTER 24 Floating Exchange Rates and Internal Balance

- Updated case study on U.S. trade deficits, including updated graphs
- Case study discussion question based on the U.S. tax cut of late 2017, which included a large reduction in the corporate income tax

CHAPTER 25 National and Global Choices: Floating Rates and the Alternatives

- Discussion of quantitative easing by the European Central Bank beginning in 2015 and its effects on growth, unemployment, and inflation in euro area countries