

PhD Masterclass

Course syllabus

5-7 November 2025

Economics of International Business

by

Mark Casson

About the course instructor

[Mark Casson](#) is Professor of Economics and Co-Director of the Centre for Economic Institutions and Business History at the University of Reading

Course Content

The development of internalisation theory: the economic context

- The logical structure of the theory
- Modelling the production system
- From 'internalisation' to 'internalisation plus'
- Implications for future theoretical developments

The historical evolution of the global economy

- The origin of organised markets: the commercial revolution of the 1200s
- Maritime technology and the development of international trade
- The industrial revolution
- Transport revolutions
- Communications revolutions
- The institutional environment: law, politics, culture

The methodology of economics and its relevance to international business

- Introduction
- Economics as a discipline and not just a field of study
- Schools of thought in the history of the discipline: from Adam Smith to the Nobel Laureates
- Methodology of this course: positivism and methodological individualism
- Economic modelling: a craft
- Mathematics: a language that economists have learned to speak
- Rationality; information cost, substitution; short-run/long-run; open and closed systems
- Endogenous and exogenous variables; fixed parameters
- Reduced forms and statistical estimation

Basic elements of modelling international business

- Consumer preferences and resource endowments
- Technology and production
- Modularisation of production and the international division of labour
- Knowledge as a public good
- Space and distance: Transport costs and tariffs; political and cultural barriers
- Comparative advantage, specialisation and trade
- Economies of scale and agglomeration
- Coordination and transaction cost: formal and informal contracts; monitoring and quality control

Theory of the firm

- Comparative institutional analysis: markets, firms, social networks and states
- The multi-plant firm

- The knowledge-intensive firm
- Entrepreneurship and innovation
- Markets and market regulation
- Ownership and management
- Market structure: inter-firm rivalry and cooperation
- Theory of industrial organisation
- Oligopoly theory
- Non-co-operative game theory
- Simultaneous, sequential and repeated plays: Nash equilibrium

The geometry of international business

- Optimal market areas
- Differences between two- and three-dimensions
- Regular convex polyhedral
- Solutions: some special cases
- Economic implications

International technology transfer reconsidered

- Evolution of intellectual property rights
- Industrial espionage
- State-sponsorship of technology transfer
- Historical evidence
- Policy implications

International business in an era of climate change, COVID, Trump and Brexit

- Economic drivers of international and intra-national inequality
- Economic implications of carbon-neutral production and consumption
- Politics of disappointed expectations
- International migration and ‘associative matching’ of the global population
- Does international peace require a dominant global super-power to enforce it?
- Infrastructure vulnerability in a world dependent on electricity grids and electronic communications
- Concluding remarks

Course objectives

This course provides a state-of-the-art account of how economic principles are used to gain insight into international business issues.

- It examines the trade-offs that underlie key strategic decisions such as foreign market entry, outsourcing, offshoring, location of headquarters, and investment in R&D. It links firm-level analysis to industry-level analysis.
- It shows how changes in strategy are driven by changes in the global business environment caused by globalization, privatization and market regulation.
- It explains what is involved in ‘thinking like an economist’ and shows how to ‘decode’ technical literature that would otherwise be hard to understand.
- It demonstrates the advantages of taking a long-term global perspective on international business, based on a thorough appreciation of historical evolution, geographical context, and the impact of social and political processes

The course is intended for doctoral and post-doctoral researchers, and established faculty, who have open minds and intellectual curiosity; no prior knowledge of economic theory is assumed. The course will help researchers to make full use of economic concepts in planning and executing their research projects.

Course structure

The course will be taught both face-to-face and live for online participants.

There will be eight pre-recorded 50-minute lectures, equivalent to four conventional two-hour lecture slots. These cover the same ground as the live lectures but as you can pause the lectures they make note-taking easier. They can be downloaded on demand and will be available **from October 15, 2025**.

There will also be four seminars involving all course participants that will be conducted live through Teams. The first seminar will address issues raised in lectures 1 and 2; the second will address issues raised in lectures 3 and 4, the third will address issues raised in lectures 5 and 6; and the fourth will address issues raised in lectures 7 and 8.

While the core syllabus is fixed, there is scope for incorporating additional material on special topics at the request of individual participants. These requests can be made either before or during the course. Course participants are encouraged to participate in discussions, but they will not be required to make formal presentations.

Prof. Casson will be available for online mentoring sessions of 30 minutes with each PhD student who would like to discuss her or his thesis work (whether they are attending remotely or in person). These timing of these mentoring sessions will be arranged through e-mail correspondence initiated by the student.

Participants wishing to obtain formal credits should submit a 5,000-word assessed report on how they plan to incorporate relevant economic concepts in their own research. The report should be submitted via Turnitin in Blackboard Learn (instructions on assignment submission will be provided), at any time up to **20 February 2026** and the assessment process will be completed within 3-4 weeks of submission.

Contact with your instructors.

Class participants requiring assistance are encouraged to e-mail Mark at m.c.casson@reading.ac.uk

Lecture schedule

5 – 7 November 2025

	Wednesday 5 th November	Thursday 6 th November	Friday 7 th November
10.00 – 12.30		<ul style="list-style-type: none">• What is theory? The Role of Theory in International Business• Discussion• Break• Global Geography for International Business Studies• Discussion	<ul style="list-style-type: none">• International Entrepreneurship: Segmented Markets in a Global Economy Part 1• Break• International Entrepreneurship: Segmented Markets in a Global Economy Part 2
12.30 – 14.00	Lunch	Lunch	Lunch
14.00 – 16.30	<ul style="list-style-type: none">• Introduction to the Course• ‘The Future of the Multinational Enterprise’ in historical perspective• Discussion	<ul style="list-style-type: none">• Historical Perspectives on International Business Part 1• Break• Historical Perspectives on International Business Part 2• Discussion	<ul style="list-style-type: none">• Debates and discussion• Conclusion

Reading List

The content of the course mainly derives from three main texts

On economic modelling and mathematical techniques see the main text:

- Casson, Mark (2016) *The Theory of International Business: Economic Models and Methods*, Switzerland: Palgrave Macmillan, Hardback, 978-3-319-32296-4, E-book 978 -3-319-32297-1

For a review of key issues in contemporary IB theory see:

- Casson, Mark (2108) *The Multinational Enterprise: Theory and History*, Cheltenham: Edward Elgar; Hardback, Paperback; E-book

For analysis relevant to contemporary social and political debates, selected draft chapters will be provided from:

- Casson, Mark C. (2024) *Entrepreneurship and the Market Economy: A New Perspective*, Edward Elgar; Hardback, Paperback; E-book
- Casson, Mark C. (2023) *Global Business: Past Present and Future*, Edward Elgar; Hardback, Paperback; E-book

These recommended texts were all developed partly out of lectures prepared for previous years' teaching on this course. Students are encouraged to follow up selectively on the recommended reading by making their own choices from the works cited in these books.

Background books on economic theory:

- Samuelson, Paul A. (1947) *Foundations of Economic Analysis*, Cambridge, MA: Harvard University Press
- Richardson, George B. (1964) *Economic Theory*, London: Hutchison (reprinted Routledge, 2003)
- Richardson (1998) *The Economics of Imperfect Knowledge: Collected Papers*, Cheltenham: Edward Elgar

The history of economic thought in international business:

- Ietto-Gilles, Grazia (2019) *Transnational Corporations and international Production*, 3rd. ed., Cheltenham: Edward Elgar

How economists think: A novel

- Jevons, Marshall [pseudonym] (1985) *The Fatal Equilibrium*, Cambridge, MA: MIT Press

Empirical studies that complement the theory

- Welch, L.S., Benito, G.R.G., & Petersen, B. (2018). *Foreign Operation Methods: Theory, Analysis, Strategy* (2nd edition). Cheltenham, UK: Edward Elgar.

Historical perspective

- Lopes, Teresa da Silva, Christina Lubinski and Heidi Tworek (eds.) (2019) *Routledge Companion to the Makers of Global Business*, Abingdon: Routledge

Geographical perspective

- Iammarino, Simona and Philip McCann (2013) *Multinationals and Economic Geography: Location, Technology, Innovation*, Cheltenham: Edward Elgar.