2017-2018 – International Economics 1 (21213)

Degree: IBE
Year: Third/Fourth
Number of Credits ECTS: 5
Language: English

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Teachers in problem set sessions:
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Office Hours: Tuesdays 5pm-6pm

This course
In this course we will analyze the causes and consequences of international trade. To that end, students will learn the necessary theoretical tools to understand why countries trade with each other, which goods are traded, and whom benefits from trade. We will also study why countries may have incentives to impose trade barriers, and the tools they have to do so.

Pre-requisites
This course requires a good level in math (ex: understand the concept of a partial derivative, integral and simple functions) and knowledge of microeconomics (ex: consumption and production theory, general equilibrium, consumer and producer surplus, perfect competition)

Syllabus

1. Introduction:
- Facts on globalization and international trade
- The concept of comparative advantage in the Neoclassical model of specific factors

2. General models of comparative advantage:
- The Ricardian model (differences in technology across countries)
- The Heckscher-Ohlin model (differences in endowments across countries)

3. Beyond comparative advantage: economies of scale and monopolistic competition
- Increasing returns to scale and differentiated goods: the Krugman model
- Heterogeneous firms: exporters and multinationals
- Foreign direct investment (FDI)

4. Trade policy
- The tools; Political economy
References
The theory lessons will be based on summarized and simplified versions of the original articles. The slides will periodically be updated in the intranet. All the topics are also covered, although perhaps differently, by the textbook.

Textbook

Recommended and compulsory (*) references:


Schedule

26-09  Class 1: intro (KOM c. 2, WTO c.II-B)

02-10  Class 2: the Neoclassical model (class notes/c. 4)
03-10  Class 3: the Neoclassical model (class notes/c. 4)

04-10  Seminar 1 (on the Neoclassical model)

09-10  Class 4: the Ricardian model (DFS+class notes/c.3)
10-10  Class 5: the Ricardian model (DFS+class notes/c.3)

16-10  Class 6: the Ricardian model (DFS+class notes/c.3)
17-10  Class 7: the Ricardian model (DFS+class notes/c.3)

18-10  Seminar 2 (on the Ricardian model)

23-10  Class 8: Heckscher-Ohlin (class notes /c. 5)
24-10  Class 9: Heckscher-Ohlin (class notes /c. 5)

30-10  Class 10: Heckscher-Ohlin (apuntes/c. 5)
31-10  Class 11: Desempleo en Heckscher-Ohlin (apuntes/c. 5)

06-11  Class 12: Increasing returns to Scale: Krugman (class notes + K)
07-11  Class 13: Increasing Returns to Scale: Krugman (class notes + K)

08-11  Seminar 3 (on the Heckscher-Ohlin model)

13-11  Class 14: Heterogeneous firms and international trade (class notes/c.8)
14-11  Class 15: Heterogeneous firms and international trade (class notes/c.8)

15-11  Seminar 4 (on the Krugman model)

20-11  Class 16: Multinationals and FDI (class notes/c.8)
21-11  Class 17: Multinationals and FDI (class notes/c.8)

22-11  Seminar 5 (on heterogeneous firms)

27-11  Class 18: Trade policy (class notes/c.9-10)
28-11  Class 19: Trade policy (class notes/c.9-10)

29-11  Seminar 6 (on trade policy)