

# INTERNATIONAL ECONOMICS

*Number of sessions: 30*

*Length of each session: 1,5 h*

*Total length of the module: 45 hours*

## INTRODUCTION TO THE COURSE

International economics is divided into two broad subfields: international trade and international money. International trade focuses on transactions that involve a physical movement of goods - real transactions. On the other hand, international money focuses on financial transactions and refers to the monetary side of the international economy. This course deals with the first aspect of international economics, i.e. the real transactions and focuses on two main aspects of it: international trade theory and evidence and international trade policy.

## REQUIREMENTS

Fluent in English

## CONTENTS

### Part I: International trade theory and evidence

#### 1 World trade: an overview

- 1.1 What is international economics about?
- 1.2 Who trades with whom?
- 1.3 The changing pattern of world trade.

#### 2 Labour productivity and comparative advantage: the Ricardian model

- 2.1 The concept of comparative advantage.
- 2.2 Trade in a world with one productive factor.
- 2.3 Misconceptions about comparative advantage.
- 2.4 Comparative advantage with many goods.
- 2.5 Empirical evidence.

#### 3 Resources, comparative advantage, and income distribution

- 3.1 Model of an economy with two productive factors.
- 3.2 Effects of international trade in economies with two productive factors.
- 3.3 Empirical evidence.

#### 4 The standard trade model

- 4.1 A standard model of a trading economy.
- 4.2 Relative supply and demand.
- 4.3 Effects of economic growth.
- 4.4 Empirical evidence.

#### 5 International factor movements

- 5.1 International mobility of labour.
- 5.2 International mobility of capital.
- 5.3 Empirical evidence.

## **Part II: International trade policy**

### 6 The instruments of trade policy

- 6.1 Tariffs.
- 6.2 Import quotas.
- 6.3 Export subsidies.
- 6.4 Empirical evidence.

### 7 The political economy of trade policy

- 7.1 Arguments in favour of free trade.
- 7.2 Arguments against free trade.
- 7.3 Empirical evidence.

## **GRADING**

**Mid-term exam (30%):** to be written in class. The exam will consist on five true or false questions and 5 multiple-choice questions on the material from the lectures and readings (book chapters).

**Homework (20%):** to be done individually. During the course there will be two assignments (no more than 2 pages) about some of the topics discussed in class.

**Final Exam (50%):** to be written in class. The exam will consist on five true or false questions and 5 multiple-choice questions on the material from the lectures and readings (book chapters).

## **BIBLIOGRAPHY**

International Economics: Theory and Policy (7th edition), Paul R. Krugman and Maurice Obstfeld.