



Universitat Autònoma  
de Barcelona

## STUDY ABROAD PROGRAMME - SPRING 2010

### INTERNATIONAL ECONOMICS

Pablo F. Salvador

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*Number of sessions: 30*  
*Length of each session: 1.5 h*  
*Total length of the module: 45 hours*

#### TIMETABLE

##### **Group 1**

Monday / Wednesday, 9:00 - 10:45

##### **Group 2**

Monday / Wednesday, 11:00 - 12:45

##### **Group 3**

Monday / Wednesday, 13:45 - 15:30

#### 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).

### Note

The grading system consists of a mid-term exam that will cover topics 1-3 of the syllabus, two homeworks typed and in hard copy (emailed homeworks or homeworks delivered after the deadline will not be considered); and a final exam covering the material of the entire course. There is no other possibility to improve scores such as extra question, extra case study, or to write a paper.

## BIBLIOGRAPHY

International Economics: Theory and Policy (7<sup>th</sup> or 8<sup>th</sup> edition), Paul R. Krugman and Maurice Obstfeld.

Where to find the book:

<http://www.abacus.coop/localitzador-de-botigues>



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## GENERAL COMMENTS

- Book chapters 1 to 9 (except chapter 6) cover the material of the entire course.
- Teaching method: lectures, slides, and test (some case studies).
- Material of the course on my website.
- Regular class attendance is not compulsory.
- The format (nature and style of questions) of the mid-term and final exams is likely to be similar to that of the tests seen in class.