

# **INTERNATIONAL ECONOMICS**

## *Economics and Politics*

**Course contact hours:** 45

**Recommended credits:** 6 ECTS – 3 US credits

### OBJECTIVES

This is an introductory course to different aspects of international economics. The core of the course will focus on the basics of international trade. Thus, the course deals with issues related to the international transaction of goods and services, and focuses on two main aspects of international trade: theory and evidence, and international trade policy. However, throughout the course, we will also discuss other issues of international economics, like inequalities, international aid, development, migrations, globalization, climate change, and the global financial crisis.

### REQUIREMENTS

Basic knowledge of Economics

### LEARNING OUTCOMES

1. Learn to use the basics of economic analysis to understand global dynamics
2. Learn the basic concepts and theory of International Economics
3. Understand basic trade policies
4. Learn to do research on the dynamics of global markets
5. Learn to do welfare analysis of real case studies
6. Be able to discuss international economic topics

### CONTENTS

#### 1. Introduction

What Is Economics about?

Some basics?

What is International Economics About?

International Economics: Trade and Money

#### 2. World Trade: An Overview

Who Trades with Whom?

The Changing Pattern of World Trade

#### 3. Some (old) trade theory

Do old rules still apply? The Concept of Comparative Advantage

The Ricardian ideas  
The Ricardian Model  
Misconceptions about Comparative Advantage  
Trade and inequalities: a brief look at the HO Model

4. A look at modern theories  
Economies of Scale, Imperfect Competition and International Trade: An Overview  
Economic Geography and economic development

5. Trade policies  
Instruments of trade policy  
Basic Tariff Analysis: Costs and Benefits of a Tariff  
Trade and development  
Trade Policy in Developing Countries

6. International Labor mobility  
A very simple model  
Migrations in the past and migrations today  
Migrations and their effects

7. The (overall) effects of trade: Case studies  
Presentations by students

8. The challenges of humanity  
The risks of exponential growth  
Underdevelopment, poverty and inequality  
The return of nationalism and fundamentalist thinking  
An ecological crisis

## TEACHING METHODOLOGY

The course combines theory, exercises, readings and debates in class. In this line, both individual and group work is expected, both in class and at home. Consequently, the responsibility lies in both the teacher and the students. Students are expected to attend all classes, participate responsibly in class discussions, and complete all class assignments. Students are also expected to use the material provided and use the textbooks to reinforce what is taught in class.

## ASSESSMENT CRITERIA

A Midterm exam (30% of total grade)  
A Final Exam (30%)  
Course work, including project and presentation (40%)

## BIBLIOGRAPHY

Required reading:

Paul R. Krugman and Maurice Obstfeld, "International Economics: Theory and Policy",  
Addison-Wesley (9th ed.)