

Course title	<i>International Economics</i>
Credits	6 ECTS
University	UCM
Language of the course	English
Learning outcomes	<p>LO4: Be able to grasp the need for a general knowledge of different conceptual, theoretical and methodological perspectives to analyze and understand the European Union, and consequently:</p> <ul style="list-style-type: none"> - use various conceptual frames, theoretical approaches and methodological tools, that attempt to provide answers to the fundamental and practical questions that the European project is confronted with; - utilize means of comparison to answer to which degree similarities and differences across Europe exist, and how they define Europe at large; <p>LO6: Have developed a large set of transversal skills which students need to master in their future domestic and international work environments, so that they are equipped to use organizational, inter- cultural communication, language and information skills, when confronted with the challenges of daily professional practice. Being immersed in a multi-disciplinary, multi-multilingual and multi-cultural study environment at different universities allows all students to sharpen their skills to combine intra-European mobility with their study-related workload in a structured and effective manner on a daily basis; to understand and communicate issues from and across different cultural, European and international perspectives; to process knowledge and information in a timely, accurate, and efficient way and to seek solutions with student peers across cultural and linguistic boundaries throughout their studies.</p> <p>LO7: Have acquired analytical skills to conduct research under supervision, as well as present and report, clearly and comprehensively, both orally and in written form knowledge concerning questions of European Studies so that overall, students are able to formulate research questions, understand academic literature, collect and analyse data, critically reflect on research findings and weave this into the scientific-academic presentation of their own research results. Be able to reflect on the role of Europe in the world, not the least by being equipped to grasp the complex multi-dimensional historical and contemporary relations between Europe and other countries, societies and regions and/or continents.</p>

Course objectives	<p>The general objective of the course, in terms of cognitive skills (skills related to knowledge), is for students to undertake an updated and understandable analysis in order to explain present international economics issues from a real theoretical framework.</p> <p>More specifically the objectives are:</p> <ul style="list-style-type: none"> - To acquire general knowledge on international economics: Mathematical modelling, graphic analysis and basic knowledge of international trade theories. - Acquire a conceptual and analytical framework that contributes to understand present issues on international economics at the light of international trade theories and policies. Understand the different dimensions of these theories and develop critical perspectives regarding their validity in today's world economy. In particular, be able to understand the need to redefine these theories through the identification and analysis of new and evolving determinants of comparative advantage for the growth and development of nations, as well as through the analysis of the implications of the endogeneity of knowledge as a key factor of production in new international trade models. - Acquire knowledge in order to be able to fully understand cases for free trade or against it and how trade policies evolve in the framework of geoeconomic and geopolitical processes. Analyze how trade theories shape, in turn, today's trade policies, both in developed countries, and in particular those of Europe, as well as in developing countries. - Acquire knowledge to understand fully the functioning of the international trading system, the role of key organizations such as the WTO, UNCTAD and the World Bank, as well as the evolution of the system through multilateral trade negotiations. - In addition to the objectives related to cognitive skills, the course aims for students to also acquire transversal (related to how-to-do) and attitudinal (related to how-to-be) skills. More specifically: <ul style="list-style-type: none"> - With regard to transversal skills, it is intended that students be able to search, interpret and present quantitative and qualitative information that is useful for knowledge of international economics as well as for the interpretation of concrete and current phenomena. - With regard to attitudinal skills, students are intended to have a reflective and critical attitude towards international trade theory and policy and work in coordination and cooperatively with each other. - Apply best strategies for solving problems in step by step details - Use effective ways to address an issue, making a deep analysis and being able to summarize the main findings. - Make opinions and judgements over both one's own work and other's outcomes.
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Content	<p>Basic theory of comparative advantage and gains from trade Classic and specific factor models of international trade Neoclassical international trade model</p> <p>New international trade theories International trade policy</p> <p><i>Introduction. 1. About International Economics; 2. Objectives; programme, general presentation, evaluation criteria, etc; 3. Introduction to International economics; 4.General overview of the subject.</i></p> <p>PART I. INTERNATIONAL TRADE THEORY</p> <p>Unit 1. Initial approaches in international trade</p> <p>1.1 World Trade</p> <p>1.2 Changing patterns of world trade</p> <p>1.3 Initial steps in International trade Theory</p> <p>Unit 2. Labour productivity and comparative advantage: The Ricardian Model</p> <p>2.1 Concept of comparative advantage</p> <p>2.2 A one factor economy</p> <p>2.3 Trade in a one factor world</p> <p>2.4 Misconceptions about comparative advantage</p> <p>2.5 Comparative advantage with many goods</p> <p>2.6 Adding transport costs and non-traded goods</p> <p>2.7 Empirical evidence on the Ricardian model</p> <p>2.8 Other issues</p> <p>Unit 3. International Specialisation at factor levels and the Heckscher-Ohlin Model</p> <p>3.1 A model of a two-factor economy</p> <p>3.2 Effects of international trade between two-factor economies / Specific factors model</p> <p>3.3 The political economy of trade: A preliminary view</p> <p>3.4 Empirical evidence on the Heckscher-Ohlin model</p> <p>3.5 Other Issues</p> <p>Unit 4: The standard trade model</p> <p>4.1 The standard model of a trading economy</p> <p>4.2 International transfers of income: Shifting the RD curve</p> <p>4.3 Tariffs and export subsidies</p> <p>Unit 5: Economies of scale, imperfect competition & international trade</p> <p>Completing previous models including changes in world supply as a consequence of economic growth, changes in world demand, etc...</p> <p>5.1 Overview</p> <p>5.2 Economies of scale and market structure</p> <p>5.3 The theory of imperfect competition</p> <p>5.4 Monopolistic competition and trade</p> <p>5.5 Dumping</p> <p>5.6 The theory of external economies</p> <p>5.7 External economies and international trade</p> <p>5.8 International trade and economic geography</p> <p>Unit 6. International factor movements</p> <p>6.1 International labor mobility</p> <p>6.2 International borrowing and lending</p> <p>6.3 Direct foreign investment and international trade</p> <p>PART II. INTERNATIONAL TRADE POLICY</p> <p>Unit 7. The instruments of trade policy</p> <p>Analyse the different instruments used by governments to protect or support their external trade</p>
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- 7.1 Basic tariff analysis
- 7.2 Costs and benefits of a tariff
- 7.3 Other instruments of trade policy
- 7.4 The effects of trade policy: A summary

Unit 8. The political economy of trade policy

Active trade policy: arguments about and against free trade and international negotiations.

- 8.1 The case for free trade
- 8.2 National welfare arguments against free trade
- 8.3 Income distribution and trade policy
- 8.4 International negotiations and trade policy
- 8.5 The Doha disappointment

Unit 9. Trade policy in developing countries

Analysis of how developing countries develop their own trade policies for the expansion of their international trade and in order to promote their development.

- 9.1 Import substituting industrialization
- 9.2 Results of favouring manufacturing: problems of import substituting industrialization
- 9.3 Trade liberalization since 1985
- 9.4 Export-oriented industrialization: The Asian miracle

Unit 10. Controversies in trade policy

- 10.1 Sophisticated arguments for activist trade policy
- 10.2 Globalization and low-wage labour
- 10.3 Globalization and the environment

Work format(s)	<p>The working method consists of:</p> <ul style="list-style-type: none"> - Theoretical presentations with previous preparation by the students - Practical exercises and examples on lessons presented - Active participation in collective knowledge creation and informal learning on international economics through the use of Web 2.0 & 3.0 new tools. - Discussion and exchanges of information via the new semantic web platform for the class (more than 10,000 specific resources on international economics shared). - Individual reading of a book related to the course.
Manner of assessment	<p>The assessment instruments and their corresponding weights are:</p> <ul style="list-style-type: none"> - Exams: Partial exam covering Part I (10%), and final exam covering Part I and Part II (50%). - Attendance and participation in presentation and discussion as well as practical sessions (10%). - Presentations of international economics news and debate (10%) - Preparation of a video (or final paper) on a key issue identified during the course (10%) - Enriching the semantic web community of the International economics Class (10%)
Literature (required/recommended)	<p>Readings and materials for each unit will be extracted from: Obtsfeld, M. & Krugman, P.: International Economics: Theory & Policy. Last Edition. Addison-Wesley / Pearson. Use of the Web 2.0/3.0 tool GNOSS.com for University 2.0/3.0 formal and informal learning in international economics. Complementary bibliography will be provided at the beginning of classes</p> <p>Compulsory books (to choose from): Obtsfeld, M. & Krugman, P.: International Economics: Theory & Policy. 98th Edition. Addison-Wesley / Pearson. 201209 Sodersten, B. & Reed, G.: International Economics. Mcmillan Publishers. Last edition</p>