

## SUBJECT TEACHING GUIDE

G935 - International Trade

Degree in Economics

Academic year 2019-2020

1. IDENTIFYING DATA					
Degree	Degree in Economics			Type and Year	Compulsory. Year 4
Faculty	Faculty of Economics and Business Studies				
Discipline	Subject Area: Microeconomics Module: Training in Economic Analysis				
Course unit title and code	G935 - International Trade				
Number of ECTS credits allocated	6	Term	Semester based (1)		
Web	<a href="https://aulavirtual.unican.es/">https://aulavirtual.unican.es/</a>				
Language of instruction	Spanish	English Friendly	Yes	Mode of delivery	Face-to-face

Department	DPTO. ECONOMIA				
Name of lecturer	RAMON NUÑEZ SANCHEZ				
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Other lecturers	SORAYA HIDALGO GALLEGO				

### 3.1 LEARNING OUTCOMES

- To understand the factors that explain the different trade patterns of the countries and the implications of processes of trade liberalization in terms of social welfare.
- Critically analyze the different approaches of the international trade theory taking into account either the underlying assumptions and the empirical evidence.
- Reasoning under what conditions the public sector intervention in a free market economy can generate variations in social welfare affecting the distribution of income for the different economic agents .
- To understand the host and home country effects of the reduction of international barriers to the mobility of labor or capital.

#### 4. OBJECTIVES

Know the main theories and economic analysis approaches to be able to explain the behavior of economic agents in a microeconomic level.

Know the performance and regulation of product and factor markets at national and international level, as well as the determinants of the generation of income and wealth, in order to choose the input sets that best suit the objectives pursued.

Know how public institutions and fiscal policies work in order to plan the decision making of economic agents.

#### 6. COURSE ORGANIZATION

##### CONTENTS

1	<p>TRADE AND TECHNOLOGY: THE RICARDIAN MODEL</p> <p>1.1. Comparative advantage and opportunity cost.</p> <p>1.2. Determination of the international relative price.</p> <p>1.3. International trade with many goods. Introduction of transport costs.</p> <p>1.4. Empirical evidence of the Ricardian model.</p>
2	<p>SPECIFIC FACTORS AND INCOME DISTRIBUTION</p> <p>2.1. The specific factors model.</p> <p>2.2. Distribution of income and gains from international trade.</p> <p>2.3. Applications from the specific factors model.</p>
3	<p>RESOURCES AND TRADE: FACTOR-PROPORTIONS THEORY</p> <p>3.1. Introduction to the factor-proportions theory.</p> <p>3.2. Factor endowments and income distribution: the Stolper - Samuelson theory.</p> <p>3.3. The Rybczynski theory.</p> <p>3.4. The Heckscher-Ohlin theory.</p> <p>3.5. Empirical evidence of the Heckscher - Ohlin theory.</p>
4	<p>ECONOMIC GROWTH, INCOME TRANSFERS AND INTERNATIONAL TRADE</p> <p>4.1. Economic growth and international trade. The case of immiserizing growth.</p> <p>4.2. Income transfers and international trade. The case of international development and cooperation.</p>
5	<p>TRADE AND IMPERFECT COMPETITION</p> <p>5.1. Internal and external economies of scale.</p> <p>5.2. International trade in a monopolistic competition market.</p> <p>5.3. Business strategies of dumping.</p> <p>5.4. External economies of scale and international trade.</p>
6	<p>INTERNATIONAL PRODUCTION FACTORS MOBILITY</p> <p>6.1. Typology of international movements of factors of production .</p> <p>6.2. International of labor and portfolio investment mobility.</p> <p>6.3. Foreign direct investment. The phenomenon of outsourcing.</p> <p>6.4. The intertemporal trade.</p>
7	<p>THE INSTRUMENTS OF TRADE POLICY</p> <p>7.1. Types of free-trade barriers.</p> <p>7.2. Economic analysis of tariffs.</p> <p>7.3. Other instruments of protection.</p>

### 7. ASSESSMENT METHODS AND CRITERIA

Description	Type	Final Eval.	Reassessn	%
The final exam will consist of theoretical questions/exercises of the seven topics covered in this course.	Written exam	Yes	Yes	60,00
Partial exam	Written exam	No	Yes	40,00
<b>TOTAL</b>				<b>100,00</b>
<b>Observations</b>				
<p>Along the semester, some experiments related with some theoretical models will be planned. These activities will be non-compulsory.</p> <p>Students who have not passed the course in the ordinary call are entitled to do a written exam in the extraordinary call, that will covers all the contents of the course and will account the 100% of the total evaluation.</p> <p>The final exam will consist of theoretical questions/exercises of the seven topics covered in this course.</p>				
<b>Observations for part-time students</b>				
<p>Those part-time students will perform a single assessment process that will involve the completion of a written exam covering all the contents of the course. It will account the 100 % of the total evaluation.</p>				

### 8. BIBLIOGRAPHY AND TEACHING MATERIALS

BASIC
Krugman, P., Obstfeld, M., Melitz, M. "Economía Internacional. Teoría y Política", Pearson Educación, 9ª Edición, 2012.
Feenstra, R.C. y Taylor, A.M. "Comercio internacional", Editorial Reverte, 2011.
Krugman, P., Obstfeld, M., & Melitz, M. International Economics: Theory and Policy, the latest edition. Addison-Wesley. 2017.
Feenstra, R.C. & Taylor, A.M. "International Trade", McMillan Learning, 2017.