International economics: economic integration

Academic Year: (2019 / 2020) **Review date: 09-01-2020**

Department assigned to the subject: Economics Department

Coordinating teacher: FUSTER PEREZ, MARIA LUISA

Type: Compulsory ECTS Credits : 6.0

Year : 2 Semester : 1

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Microeconomics, Macroeconomics

OBJECTIVES

The goal of this class is to learn the theory of international economics and apply it to real problems of the world economy.

As for the learning goals, by the end of the course students should be able to:
- Understand the classical models of international trade (Ricardo and Heckscher-Ohlin) as well as the models of monopolistic competion.
- Analyze the gains from trade and their redistributive effects.
- Understand the relation between international trade, migration, and capital flows.
- Understand the concepts of trade deficit and trade surplus, and understand its relation to investment and savings.
- Apply tools to discuss the problems inside the EU and the current account deficit.

In terms of specific skills, by the end of the course students should be able to:
- Solve trade models graphically and analytically.
- Determine prices, trade volumes, and welfare effects of trade liberalization.
- Calculate costs and benefits of trade liberalization and protectionism for different groups.
- Calculate the costs and benefits of liberalizing migration.
- Solve case studies related to globalization.
- Analyze graphically the effects of monetary and fiscal policy under different regimes.

In terms of competences, the course focuses on:
- The capacity to solve complex problems graphically and analytically.
- The capacity to relate economic theory to real the real problems of the global economy.

In terms of attitude, the course expects students to
- Develop a critical, open and informed opinion in the debate on the effects of globalization.
- Develop a scientific approach in the challenging task of analyzing complex real world problems.

DESCRIPTION OF CONTENTS: PROGRAMME

The course focuses on the theory of international economics. The first part covers international trade. The most important topics covered are: patterns of trade and specialization (from the classical models --- Ricardo and Heckscher-Ohlin --- to the more recent models of monopolistic competition); gains from trade and effects of international trade on income distribution. Along the way, several important real world problems will be discussed, such as the effects of offshoring on wages. In the international macroeconomics part, the most important topics are:current account; exchange rates; relationship between interest rates and inflation and monetary and fiscal policy under different regimes. These tools will be useful to understand current policy issues as European Union or the financial crisis.

LEARNING ACTIVITIES AND METHODOLOGY

The course consists of theoretical lectures and sessions of problem solving. Students are expected to solve and hand in problem sets. Problem solving is essential to acquiring the knowledge and skills required by this course.

ASSESSMENT SYSTEM

The final grade consists of problem sets and class participation (10%), one midterm (30%) and one final exam (60%)

% end-of-term-examination:	60
% of continuous assessment (assigments, laboratory, practicals…):	40

BASIC BIBLIOGRAPHY

- Krugman, P., M. Obstfeld and M.Melitz International Economics, 10th edition, Pearson Education., 2015