



## INTRODUCTION

### Course description:

The course is focused on the study of international trade. First of all, we will pay attention to the evidence on countries' behaviour regarding foreign trade that, joint with the study of different economic theories on this topic, will allow the student to understand the pattern of trade between countries, trade policy and the way international trade is changing due to the new technologies.

- **Degrees:** Degree in International Relations, Double degree in International Relations + Law, Double degree in International Relations + History
- **Number of credits:** 6 ECTS
- **Year:** 2nd (Degree in International Relations), 5th (Double degree in International Relations + Law, Double degree in International Relations + History)
- **Semester:** 1st
- **Type of course:** Required (Degree in International Relations)
- **Instructor:** Javier Elizalde
- **Language:** English
- **Department:** Economics. School of Economics and Business
- **Schedule of lectures:** Wednesday, 10.00-12.00 (Room 12, Edificio Amigos), Friday, 10.00-12.00 (Room 2, Edificio FCOM). Check this website for changes and updates: <https://www.unav.edu/web/facultad-de-derecho/estudiantes/horarios>

## LEARNING OUTCOMES (Competencies)

### COMPETENCIAS BÁSICAS Y GENERALES

CG01 - Analizar, valorar y razonar las diferentes situaciones internacionales a la luz de los conocimientos adquiridos.

CG02 - Negociar, mediar, persuadir y comunicar con firmeza en el ámbito de las relaciones internacionales.

CG03 - Redactar e interpretar textos jurídicos, especialmente en el ámbito del Derecho internacional público.

CG04 - Usar el inglés con propiedad según la terminología científica y académica propia de la Relaciones internacionales.

CG05 - Saber expresarse oralmente de manera correcta y adecuada sobre temas internacionales.

CB2 - Que los estudiantes sepan aplicar sus conocimientos a su trabajo o vocación de una forma profesional y posean las competencias que suelen demostrarse por medio de la elaboración y defensa de argumentos y la resolución de problemas dentro de su área de estudio

CB3 - Que los estudiantes tengan la capacidad de reunir e interpretar datos relevantes (normalmente dentro de su área de estudio) para emitir juicios que incluyan una reflexión sobre temas relevantes de índole social, científica o ética

CB4 - Que los estudiantes puedan transmitir información, ideas, problemas y soluciones a un público tanto especializado como no especializado



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CB5 - Que los estudiantes hayan desarrollado aquellas habilidades de aprendizaje necesarias para emprender estudios posteriores con un alto grado de autonomía

## **COMPETENCIAS ESPECÍFICAS**

CE02 - Analizar la naturaleza y características de las relaciones entre los actores internacionales y particularmente entre los Estados.

CE03 - Conocer y comprender los principales elementos que definen la política exterior de los Estados.

CE09 - Comprender la estructura, competencias y funcionamiento de las instituciones y organizaciones internacionales.

CE11 - Comprender los fundamentos teóricos generales de la economía y de la estructura económica internacional.

CE12 - Identificar y comprender los datos macroeconómicos y los principales flujos económicos para analizar la coyuntura económica mundial.

CE23 - Analizar el entorno político, legal, sociocultural, económico y tecnológico como condicionante de la actividad industrial y empresarial en cualquier país del mundo.

## **PROGRAM**

### **1. Introduction to International Trade**

1.1 Motivation and key concepts

1.2. Evidence on countries' behaviour regarding international trade

1.3. Main patterns of trade: Gravity model

1.4. History of international trade

1.5. Protectionist policies

1.6. The process of integration of international trade (trade rounds, GATT and WTO)

1.7. Regional integration arrangements

### **2. Specialisation and gains from international trade (Ricardian model)**

2.1. Model's insights

2.2. Production possibility frontier

2.3. Relative price and choice of product

2.4. Model with two countries

2.5. Gains from trade

2.6. Relative wage

### **3. Who gains and who loses from international trade (Specific factors model)**

3.1. Model's insights

3.2. Production possibility frontier



- 3.3. Equilibrium in the economy
- 3.4. Welfare analysis in the one-country model
- 3.5. Changes in equilibrium
- 3.6. International trade in the specific factors model

#### **4. Trade policy and protectionism**

- 4.1. Problem of distribution of rents
- 4.2. Budget constraint of a country. The terms of trade
- 4.3. Model of trade with one good
- 4.4. Trade with an import tariff
- 4.5. Trade with an export subsidy
- 4.6. Trade with an import quota
- 4.7. Economies of scale
- 4.8. Product differentiation: interindustry and intraindustry trade
- 4.9. Multinationals

## **EDUCATIONAL ACTIVITIES**

### **1. Lectures**

The course will be taught in four weekly sessions, each of them with 45 minutes.

The dynamics of the course is mainly based on the study of the most important models developed by the economic theory to explain the relevance of international trade, the reasons which lead countries to specialise in the production and export of some goods and the consequences of both free trade and protectionist policies on the welfare of a country and the different groups of individuals within that country.

The lecturer will foster the student's active participation in the lectures through questions, comments and discussions of both theoretical and applied aspects, evaluating the rigour and originality of the interventions. The student's active participation (**not the mere attendance**) is worth 10% of the final grade.

### **2. Assignments**

The students have to complete assignments, which have to be submitted in a weekly basis. The assignment of each week corresponds (with some exceptions) to the material covered in the lectures of that week and has to be submitted before 23.59 on Tuesday of the following week.

There are two types of assignments:

- Ten questionnaires (assignments 1, 2, 3, 4, 5, 7, 8, 9, 11 and 12) with multiple choice questions about the topics and theories covered in lectures.
- Two sets of exercises (assignments 6 and 10) where the student has to solve a few problems based on the theories of Chapter 2 (Ricardian model) and Chapter 3 (Specific factors model).



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The video and the questionnaires are jointly worth 20% of the course's final grade, while the exercises are worth 10% of the course's final grade.

After the deadlines (all of them during the period of lectures) there are no extra assignments to improve the grade.

### 3. Office hours

The lecturer will be available, at the announced time, to solve questions regarding the course both individually and in small groups.

### 4. Personal study

It is essential, in order to follow the explanations properly, to regularly study the lessons, as the course advances in a progressive way on the previously explained material.

### 5. Exam

There is one written exam in the December exam period, which is worth 60% of the final grade.

Both exams have the same structure. Each exam has two parts:

- The first part is a multiple-choice test with 25 questions, each with four choices and one valid answer. Each correct answer adds one point and each incorrect answer deducts one quarter of a point.
- The second part consists of one practical exercise based on the theories of Chapter 2 (Ricardian model) and Chapter 3 (Specific factors model).

The first part is worth 60% and the second part is worth 40% of the exam's grade.

## ASSESSMENT

### ORDINARY ASSESSMENT

- Active classroom participation: 10%.
- Assignments (questionnaires): 20%.
- Assignments (exercises): 10%.
- Written exam (December exam period): 60%.\*

### CONVOCATORIA EXTRAORDINARIA

- Active classroom participation: 10%.\*\*
- Assignments (questionnaires): 10%.\*\*
- Assignments (exercises): 5%.\*\*
- Written exam (June exam period): 75%.\*

\*A minimum of 4 in the final exam is required to pass the course.

\*\*These grades are those obtained during the ordinary period of lectures (September-November) and there are no extra assignments to change those grades once the period of lectures is over.

### HONESTY IS THE BEST POLICY

(Ethics Committee Provisions Against Plagiarism and Copying)

We value honesty. Without it, there can be no trust or any meaningful social relations. Therefore, the School expects honesty and fairness from all of its members: professors, non-academic staff, and students.



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Dishonest behaviours will be sanctioned in accordance with the [University Norms on Student Academic Discipline of August 2015](#), and include lying, cheating in exams, and plagiarism in written work. We take such violations seriously. Depending on their gravity, these offences will be dealt with by the Professor in charge of the subject, by the Dean of Students, and in very severe cases, by the Vice President for Student Affairs.

Sanctions include:

- formal warnings
- prohibition from entering University premises for a given period
- loss of admission rights to exams
- loss of scholarships
- A failing grade for the piece of work or the whole course

## OFFICE HOURS

The timetable of office hours is:

- Mondays, 10.00-11.00
- Tuesdays, 10.00-11.00
- Thursdays, 10.00-11.00

The venue is Office 2190 in Edificio Amigos, sector hilera.

- As professors have many tasks, it is likely that, if you don't previously book an appointment, you may not find the professor in the office even during office hours. Therefore, **you should always send an e-mail in advance to [jelizalde@unav.es](mailto:jelizalde@unav.es) to book an appointment.**

## BIBLIOGRAPHY AND RESOURCES

In this course there is a reference book which may help as a complement to the content of the lectures, but it never substitutes it. The textbook is:

PAUL R. KRUGMAN, MAURICE OBSTFELD: **International Economics. Theory and policy.** Addison Wesley editors. [Find it in the Library](#)

As an additional material, the following books are suggested:

ROBERT J. CARBUAGH: **International Economics.** South-Western CENGAGE Learning. [Find it in the Library](#)

ROBERT C. FEENSTRA, ALAN M. TAYLOR: **International Trade.** Worth Publishers. [Find it in the Library](#)

The lecturer uses slides in the lectures as an auxiliary material for the explanations and publishes them in the ADI page, but **the knowledge required will never be restricted to the content of the slides.** The lecturer expects the student to learn **everything which is explained in the lectures.**

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