



## 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 Economics, Degree in Business administration, Double degree in Economics + Law, Double degree in Business administration + Law
- **Module in the Degree Program:** Módulo 1: Economía general/General Economics. Materia 1.3: Economía aplicada/Applied Economics.
- **Number of credits:** 6 ECTS
- **Year:** 4th (Degree in Economics, Degree in Business administration), 5th (Double degree in Economics + Law, Double degree in Business administration + Law)
- **Semester:** 1st
- **Type of course:** Required (Degree in Economics, Double degree in Economics + Law), Elective (Degree in Business administration, Double degree in Business administration + Law)
- **Instructor:** Javier Elizalde
- **Language:** English
- **Department:** Economics. School of Economics and Business
- **Schedule of lectures:** <https://www.unav.edu/web/facultad-de-ciencias-economicas-y-empresariales/estudiantes/horarios>

## LEARNING OUTCOMES (Competencies)

In this course there is a number of competences that the student will work on:

### General Competencies (Management and Economics)

GC1. Understand different areas of economic analysis, both theoretical and/or applied.

### Specific Competencies (Economics)

SC7. Pose and answer relevant questions in the field of Spanish and/or global economics with a global view of the knowledge acquired.

## 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



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4.7. Economies of scale

4.8. Product differentiation: interindustry and intraindustry trade

4.9. Multinationals

## 5. Migrations

5.1. Definitions

5.2. History and evidence

5.3. Economic theory

5.4. Economic implications of migrations

## EDUCATIONAL ACTIVITIES

### 1. Lectures

The course will be taught in four weekly sessions (which may be less in some weeks), 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 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. Panopto videos

Due to the positive experience we had during the pandemics with the Panopto videos which allowed students to work regularly with some degree of autonomy which improved the process of learning, there is some part of the course material which is recorded in videos using Panopto and uploaded in ADI. In the folder of the corresponding week you will find

-The Panopto video of the week (notice that not all the weeks have one)

-The slides of that Panopto video

You must watch the videos no later than the week to which it corresponds as, in most cases, the assignment of the week will ask you questions on the material covered in the video.

### 3. Assignments

The students have to complete assignments, which have to be submitted on 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 11 am on Monday of the following week.

There are two types of assignments:



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- Nine questionnaires (assignments 1, 2, 3, 5, 6, 7, 8, 10 and 12) with multiple choice questions about the topics and theories covered in lectures.

- Three problem sets (assignments 4, 9 and 11) where the student has to solve a few problems based on the theories of Chapter 2 (Ricardian model), Chapter 3 (Specific factors model) and Chapter 4 (Trade policy and protectionism).

The questionnaires are jointly worth 25% of the course's final grade, while the problem sets are worth an additional 25% 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.**

## 4. Office hours

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

## 5. 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.

## 6. Exam

There is one written exam (on the December exam period) which is worth 40% of the final grade. It has two parts:

- The first one is a multiple-choice test with 15 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 two practical exercises corresponding to two of the models studied.

Each part is worth 50% of the exam's grade.

# ASSESSMENT

## ORDINARY ASSESSMENT

- Active classroom participation: 10%.
- Assignments (questionnaires): 25%.
- Assignments (exercises): 25%.
- Written exam (December exam period): 40%.\*

## EXTRAORDINARY ASSESSMENT

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

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



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\*\*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.

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:



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ROBERT J. CARBUAGH: **International Economics**. South-Western CENGAGE Learning.

ROBERT C. FEENSTRA, ALAN M. TAYLOR: **International Trade**. Worth Publishers.

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**.