



## 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

4.7. Protectionism under national monopoly

4.8. Economies of scale

4.9. Product differentiation: interindustry and intraindustry trade

4.10. 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. Wooclap quizzes

At the beginning of the first daily session, there will be a quizz that students must reply using their electronic devices, using the tool Wooclap.

Questions correspond to the material covered in the previous lecture.

Only those students who are present in the classroom may submit answers.

Dates of quizzes are published in the time line in ADI.

The accumulated grade for this activity is worth 20% of the final course grade. The grade of this activity will be the average of the 15 best grades (out of 17) of the student.

There will be no exceptions for justified absences, medical reports, etc. Please do not send emails or talk to the professor under the goal of grade compensation as it won't be taken into account.

### 3. Problem sets

There is a problem set at the end of: Chapter 2, Chapter 3 & Chapter 4.

Problem sets are worth 20% of final grade.

Problems must be solved in the way taught in the course. There no points for Chat GPT solutions and procedures.

Submission is individual. **Students will be sanctioned if work is not original.**

- Problem set 1
  - Material of Chapter 2 (Ricardian Model)
  - Practical session (work in groups) on Thursday September 24th



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– Submission at the beginning of first session on Monday September 28th

• Problem set 2

– Material of Chapter 3 (Specific factors Model)

– Practical session (work in groups) on Thursday October 22nd

– Submission at the beginning of first session on Monday October 26th

• Problem set 3

– Material of Chapter 4 (Trade policy and Protectionism)

– Practical session (work in groups) on Thursday November 12th

– Submission at the beginning of first session on Monday November 16th

**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 December 12th at 12 noon) which is worth 50% 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.

The extraordinary exam (in the June exam period) will have the same structure as the December exam.

# ASSESSMENT

## ORDINARY ASSESSMENT

- Active classroom participation: 10%.
- Wooclap quizzes: 20%.
- Problem sets: 20%.
- Written exam (December 12th at 12 noon): 50%.\*

## EXTRAORDINARY ASSESSMENT

- Active classroom participation: 5%.\*\*
- Wooclap quizzes: 10%.\*\*



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- Problem sets: 10%.\*\*
- 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.

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.



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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**.