

## **ECON 391E International Economics**

**REQUIREMENT: A previous course in Macro and Microeconomics is required for this course.**

### **Course Description**

The study of international economics has never been more important than today. In the early 21st century, economies worldwide are more closely integrated than ever through international trade of goods and services, international money flows and cross-country investments. At the same time, the world economy is going through a unique turbulent period. More than a decade after the 2008-2009 crisis, the global economy still suffers from tepid growth and, for many, from stagnant incomes. The economic shock of the COVID-19 pandemic and, more recently, the war in Ukraine has accentuated the situation. Keeping up with the changes occurring in the world economy greatly concerns firms and governments in shaping their strategies and economic policies (Krugman et al., 2022).

This course addresses different aspects of international economics. The core of the course will focus on international trade. Thus, the course deals with issues related to the international transaction of goods and services and focuses on the two main aspects of international trade theory and evidence and international trade policy. However, throughout the course, we will also discuss other issues of international economics, like exchange rates and Open-Economy macroeconomics, including international monetary systems.

### **Course Goals and Methodology**

This course aims to equip students with intellectual tools for understanding the economic implications of global interdependence. This "International Economics" course will introduce students to classical and modern theories of international trade in goods and services and the basics of international macroeconomics. Much attention will be devoted to applying these frameworks to real-world economies. In addition to studying these basic theoretical models, we will also see how these models behave empirically.

To be more concrete, the main objectives of this course are:

1. Enhance the comprehension of the general economic framework from an international viewpoint.
2. Provide the fundamental tools for analysing the global economy.
3. Delve deeper into the main features of the world economy.

Regarding methodology, this course follows the same approach as other branches of economics, namely, abstract reasoning mainly consisting of graphical analysis (although the analytical approach will be used when necessary) and the study of empirical evidence and the real world through country cases and applications. So, we will first see the main models that are well-accepted in the literature and suitable for a course like this and then examine whether their predictions hold empirically.

The means to attain these objectives include a thorough study of class notes, slides, case analysis and discussion of current events, students' presentations, and in-class small group discussions.

## Learning Objectives

After this course, students will:

1. Know the main theories that account for the trade relations among countries.
2. Know the main trade policy's tools.
3. Know the most basic theories and concepts which explain the determination of the real exchange rate.
4. Know the main concepts and tools for analysing an open economy.

## Required Texts

- Krugman, P. et al. (2022): *International Economics: Theory and Policy* (12th or recent editions, Pearson).

## Recommended Texts

- Feenstra, R. and Taylor, A. (2015): *International Economics* (2nd Edition, Worth Publishers).
- Markusen, Melvin, Kaempfer and Maskus (1994): *International Trade: Theory and Evidence* (<http://spot.colorado.edu/~markusen/textbook.html>).
- Salvatore, D. (2013): *International Economics* (13th Edition, Wiley).
- Van Marrewijk, C. (2012): *International Economics* (2nd Edition, OUP).
- The teacher will provide some articles and readings during the course.

Press articles from the Economist, Financial Times, New York Times, the Guardian

Some websites you may find useful:

- [www.economist.com](http://www.economist.com) - analytical articles on world economic/political affairs
- [www.ft.com](http://www.ft.com) - Financial Times, international news, economy, corporate activities, shares
- [www.guardian.co.uk](http://www.guardian.co.uk) - UK daily, broad range of national/international news articles
- [www.ictsd.org](http://www.ictsd.org) - International Centre for Trade and Sustainable Development
- [www.imf.org](http://www.imf.org) - International Monetary Fund
- [www.nytimes.com](http://www.nytimes.com) - World news, critical editorials
- [www.unctad.org](http://www.unctad.org) - United Nations Conference on Trade and Development
- [www.worldbank.org/](http://www.worldbank.org/) - World Bank
- [www.wto.org/](http://www.wto.org/) - World Trade Organization

The instructor will post the class material (Slides, case studies handouts, in-class worksheets, announcements, links, and any additional reading) on Blackboard, which is accessible both on campus and off campus. To log in, you need to sign in at <https://campusvirtual.upo.es> using the username and password you received in your orientation folder.

## Course Requirements and Grading

Assessment for the course consists of **two written exams (a MIDTERM and a FINAL)** and a portfolio. Participation will also be taken into account.

As part of the **formative assessment**, students must elaborate a portfolio (individually) consisting of a collection of the student's class notes and course assignments to evaluate the student's understanding of the course. The following will be assessed:

- The project's content must be adjusted to the issues of the course.
- Clarity both in writing and in mathematical and graphic expressions.
- Adequate structure.
- Coherency and consistency in the way the notes are written.

As of **PARTICIPATION**, students will be required to complete reading activities, summarise

articles outside the class, and actively participate in class discussions and quizzes. Just attending the class does not count as participation.

Your final grade will be calculated as follows:

- Participation 20%
- Midterm Exam 20%
- Portfolio 30%
- Final Exam 30%

Final Grade Expectations: The instructor will use the Spanish 10-point grading scale. The grades that will appear on your final transcript are also Spanish grades.

- Grade A/A- (9-10) — Outstanding performance showing a thorough knowledge and understanding of the topics of the course. The best possible grade.
- Grade B+/B (8-9) — Remarkable performance with general knowledge and understanding of the topics. Next highest.
- Grade B/B- (7-8) — Good performance with general knowledge and understanding of the topics. Indicates high average performance.
- Grade C+/C (6-7) — Fairly good performance showing an understanding of the course on a basic level. Indicates low average performance.
- Grade C/C- (5-6) — Passable performance showing a general and superficial understanding of the course's topics. Lowest passing grade
- Grade F (0-5) – Unsatisfactory performance in all assessed criteria. Failing grade.

Please be aware that anything below a 5 (i.e. a C- on the U.S. scale) is a failing grade. There is no pass/fail option at UPO. If you do not officially withdraw from a class by the withdrawal deadline, a failing grade will appear next to the course name. Check out the Student Handbook for the grade conversion table (some universities may use a slightly different scale).

### **General Course Policies**

Each student is expected to be familiar with the course syllabus. Students are expected to focus their full attention on the class, arrive on time, and stay until class ends. Leaving the classroom on repeated occasions is disturbing to both your professor and your classmates and may adversely affect your participation grade. Please make use of the 10-minute breaks in between classes to fill up your water bottle, use the restroom, etc.

Students are expected to listen and respect other points of view. Phone calls, social media, email, or Internet browsing at any time during class are not acceptable during class except for specific class-related activity expressly approved by your instructor. You are responsible for any and all course material covered in class, announcements, and/or handouts if you are not present for any reason. Students will be held responsible to be up to date by attending class regularly and checking both email and the Blackboard site of the course frequently (monitor your email and Blackboard announcements at least once every 24 hours).

Communicating with instructor: Please allow at least 48 hours for your instructor to respond to your emails. The weekend is not included in this timeframe. If you have an urgent request or question for your professor, be sure to send it during the week.

## **Attendance and Punctuality**

Attendance is mandatory at all classes. As we understand that you might fall ill or be unable to come to class (e.g. due to a religious holiday, a flight delay, a family wedding/reunion, a graduation, a job interview, etc.), at some point during the semester, you are allowed up to 4 absences. You will be responsible for the material covered and any work missed. You will not need to justify your absences (up to 4) in any way unless you miss an exam, a presentation, a quiz, etc. In this case, you must present a doctor's note (signed, stamped and dated) to be able to reschedule the exam, etc. It will still count as an absence, but you will be allowed to retake the exam, etc. We don't encourage you to use all 4 days unless you really need them, as your participation grade may suffer if you are not in class. If used unwisely and you get sick late in the semester, the following penalties will apply:

- On your 5th absence, 1 point will be taken off of your final Spanish grade
- On your 6th absence, 3 points will be taken off of your final Spanish grade
- On your 7th absence, you will automatically fail the course

## **COVID-19**

If an absence is related to COVID-19 the procedure to follow will be in accordance with the current legislation in the region of Andalucía, Spain.

## **Academic Honesty**

Academic integrity is a guiding principle for all academic activity at Pablo de Olavide University. Cheating on exams and plagiarism (which includes copying from the Internet) are clear violations of academic honesty. A student is guilty of plagiarism when he or she presents another person's intellectual property as his or her own. The penalty for plagiarism and cheating is a failing grade for the assignment/exam and a failing grade for the course. The International Center may also report this to your home university. Avoid plagiarism by citing sources properly, using footnotes and a bibliography, and not cutting and pasting information from various websites when writing assignments.

## **Learning Accommodations**

If you require special accommodations or have any other medical condition you deem may affect your class performance, you must stop by the International Center to speak to Marta Carrillo ([mcaroro@acu.upo.es](mailto:mcaroro@acu.upo.es)) to either turn in your documentation or to confirm that our office has received it.

## **Behavior Policy**

Students are expected to show integrity and act in a professional and respectful manner at all times. A student's attitude in class may influence his/her participation grade. The professor has a right to ask a student to leave the classroom if the student is unruly or appears intoxicated. If a student is asked to leave the classroom, that day will count as an absence regardless of how long the student has been in class.

## Course Contents

### International trade

- Unit 1: Introduction
- Unit 2: The Ricardian model
- Unit 3: The Specific Factor Model: International labor mobility
- Unit 4: The Heckscher-Ohlin model
- Unit 5: The Standard trade model
- Unit 6: Trade and economies of scale
- Unit 7: The Instruments of trade policy

### International Macroeconomics (TIME PERMITTING)

- Unit 8: Basics of open economies.

## Class schedule\*

### International trade

#### **– Introduction.**

#### **– The Ricardian model.**

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 3 – PPT slides

#### **– The Ricardian model**

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 3 – PPT slides

#### **– The Ricardian model. Exercises and applications.**

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 3 – PPT slides

#### **– The Ricardian model. Exercises and applications.**

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 3 – PPT slides

#### **– International labor mobility**

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 4 – PPT slides

#### **– International labor mobility**

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 4 – PPT slides

#### **– International labor mobility. Exercises and applications.**

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 4 – PPT slides

#### **– International labor mobility. Exercises and applications.**

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 4 – PPT slides

– ***The Heckscher-Ohlin model***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 5 – PPT slides

– ***The Heckscher-Ohlin model***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 5 – PPT slides

– ***The Heckscher-Ohlin model. Exercises and applications.***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 5 – PPT slides

– ***MIDTERM EXAM***

– ***The Standard trade model***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 6 – PPT slides

– ***The Standard trade model***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 6 – PPT slides

– ***The Standard Trade model. Exercises and applications.***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 6 – PPT slides

– ***The Standard Trade model. Exercises and applications.***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 6 – PPT slides

– ***External Economies of Scale***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 7 – PPT slides

– ***Firms in the Global Economy***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 8 – PPT slides

– ***Economies of Scale. Exercises and applications.***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 7&8 – PPT slides

– ***Instruments of trade policy***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 8 – PPT slides

– ***Instruments of trade policy***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 9 – PPT slides

– ***Instruments of trade policy. Exercises and applications.***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 9 – PPT slides

International Macroeconomics (TIME PERMITTING)

– **Basics of open economies.**

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 13 – PPT slides

– **Basics of open economies. *Exercises and applications.***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 19 – PPT slides

– **Basics of open economies. *Exercises and applications.***

Class notes

Krugman-Obstfeld-Melitz (2022) Ch. 19 – PPT slides

– ***FINALS***