



CIEE Barcelona, Spain

Course title:	International Economics
Course code:	ECON 3004 BASP
Programs offering course:	Business and Culture, Economics and Culture, Language and Culture
Language of instruction:	English
U.S. semester credits:	3.00
Contact hours:	45.00
Term:	Fall 2023

Course Description

The twenty-first century is an age of unprecedented globalization. In the last decades, there has been a substantial increase of interactions between different economies, which brought about also an unusual degree of interdependence. Consequently, there is a need to understand the nature and sources of the international economic interactions. International Economics has evolved from theoretical analysis aimed mainly at advanced economies to incorporate new theoretical developments but also empirical finding with aim to reflect better also the reality of emerging and developing economies. This course deals with the most important aspects of International Economics, with emphasis being put on International Trade. It is divided into two main sections: the first section puts at scrutiny the fundamental theories of international trade, the policy issues related to international trade, and concludes with an analysis of different schemes of economic integration and its influence on regional trade and economic relations among countries. The second section of the course deals with the financial aspects of International Economics. Particularly, it investigates the international monetary system, certain monetary arrangements as well as main issues related to exchange rates and open-economy macroeconomics. In both parts, the course puts a special emphasis on the reality of the European Union.

Learning Objectives

By completing this course, students will:

- Summarize and discuss the object of study of international economics, the effects of international trade, the main patterns of trade, and the main policies implemented by world governments.
- Analyze the different models that are used or have been used to study and comprehend patterns and benefits of international trade.
- Contrast classic trade models with more complex and contemporary approaches to the study of international economics, such as economies of scale or imperfect competition.
- Evaluate how governments act to favor or limit international exchanges, from supporting export or limiting imports.
- Analyze and critique different and complex concepts of monetary system, from the different world standards to contemporary experiences like the creation of the Euro and the theories on currency areas.

Course Prerequisites

3 semesters of college-level micro- or macroeconomics. 1 semester of calculus recommended.

Methods of Instruction

The course will consist of lectures, but also of some class dynamics to reinforce the concepts taught. It is expected that students participate actively in different ways, asking relevant questions, with a proactive attitude in class dynamics.

Assessment and Final Grade

1.	Midterm	20%
2.	Final	20%
3.	Exercises and Activities	15%
4.	Final Project (Paper & Presentation)	25%

5. Participation	20%
TOTAL	100%

Course Requirements

Midterm

Final

Both exams will consist of open questions to be developed. Notes from the class and printed material can be used but no internet connection will be permitted. The midterm exam will cover the first part of the syllabus and the final exam will cover the rest of it (see schedule below).

Exercises and Activities

Exercises and activities are of two kinds: 1) discussion material is provided in class together with some lines of discussion, you'll have to submit the results of the discussion individually, regardless if the activity was done in small or big groups; 2) practical exercises of the topic discussed in class, you can discuss the way to solve them in groups or with the professor, also, answers must be submitted individually.

Final Project (Paper & Presentation)

Final project consists of a final paper of 2000 words and a small presentation (around 8 minutes). The purpose of the presentation is to receive suggestions from your fellow students and the professor that might help you to improve the final version of the paper. The paper must be delivered before the last day of class. Topics acceptable for the final paper will be discussed in the first weeks of class.

Participation

All students must participate in class discussions and ask relevant questions relative to the topics discussed in class. A proactive attitude in class dynamics is also important.

Attendance

To encourage engaged learning, regular class attendance is required throughout the program. This includes any required co-curricular class excursion or event, as well as internship, service-learning, or other required field placement.

An excused absence in a CIEE course will only be considered if approved by a CIEE Center Director/Academic Director (not the Instructor), and:

- it is a self-certified absence for illness (only once per course, requires formal request before or within 24 hours, cannot miss assessment worth more than 5% of final course grade)
- a doctor's note from a local medical professional is provided
- evidence of a family emergency is provided
- it is a pre-approved observance of religious holiday

Unexcused absences include personal travel and/or travel delays, as well as missing more than 25% of a single class period (including tardiness and early departure). Assessments missed due to unexcused absences will be marked as zero. Students with over 10% unexcused absences will be contacted by CIEE staff. Students with over 20% unexcused absences will be contacted by CIEE staff, receive a formal warning letter (shared with their home institution) and lose 10% of the final course point total (e.g., a final A grade of 93% will be lowered to a B grade of 83%).

For more detail, please consult your CIEE Academic Manual.

Academic Integrity

Academic integrity is essential to a positive and inclusive teaching and learning environment. All students are expected to complete coursework responsibilities with fairness, respect, and honesty. Failure to do so by seeking unfair advantage over others or misrepresenting someone else's work as your own can result in grade penalties or disciplinary action. See the CIEE Student Academic Manual for further information on academic integrity.

N.B. Course schedule and co-curriculars are subject to change. The final duration and distribution of

content and assignments will be determined and presented to students at the onset of the course.

Weekly Schedule

Week 1

Class: .

Orientation Week. What am I doing here?

Week 2

Class: .

Final paper presentations

Introduction to international economics

What is International Economics about? The gains from trade. Patterns of trade. Government policies and trade. Some definitions

World trade: an overview. Map of world trade. Who trades with whom? The gravity models. New patterns in the world trade. Migration and FDI

Readings: Krugman & Obstfeld chapter 1 and 2, Feenstra & Taylor chapter 1

Week 3

Class: .

Traditional trade models

Mercantilist views on trade.

Trade based on absolute advantage: Adam Smith.

Labor productivity and comparative advantage: The Ricardian model. Comparative advantage and opportunity cost. One factor Ricardian model. Trade in one factor model. Gains from trade and misconception about comparative advantage.

Readings: Krugman & Obstfeld 3, Feenstra & Taylor 2(3)

Due: Final paper topic

Week 4

Class: .

Trade and resources: The Heckscher-Ohlin Model

Two factor Heckscher-Ohlin model. Trade in Heckscher-Ohlin model. Trade and income distribution. Trade and factor prices (Stolper-Samuelson theorem). Empirical testing of H-O model (Leontief paradox).

Readings: Krugman & Obstfeld 4(5), Feenstra & Taylor 4

Week 5

Class: .

New explanation for international trade: economies of scale and imperfect competition

Economies of scale: an overview. Types of imperfect competition. Monopolist competition and trade. Inter- vs. intra-industry trade, dumping. The theory of external economies. External economies of scale and trade.

Readings: Krugman & Obstfeld 6, Feenstra & Taylor 6

Week 6

Class: .

International factor movements, migration and multinational corporations

International labor mobility. International capital mobility: borrowing and lending. International capital mobility: FDI and multinational corporations. Gains from labor and capital movements.

Readings: Krugman & Obstfeld 7, Feenstra & Taylor 5(7)

Week 7

Class: .

International factor movements, migration and multinational corporations

International labor mobility. International capital mobility: borrowing and lending. International capital mobility: FDI and multinational corporations. Gains from labor and capital movements.

Readings: Krugman & Obstfeld 7, Feenstra & Taylor 5(7)

Week 8

Class: .

The political economy of trade policy

Free trade – pros and cons. Political models of trade policy. International

negotiations of trade policy (GATT, WTO). Developing countries. EU trade policy. Some controversial issues related to trade policy. International negotiations in labor and environmental issues

Readings: Krugman & Obstfeld 9,10,11(22), Feenstra & Taylor 8,9,10,11, Baldwin & Wyplosz 12

Due: Final paper general structure

Week 9

Class: .

The international trade and economic integration

Stages of economic integration Economic integration in the EU. Basic EU institutional structure. Analysis of unilateral liberalization, custom unions and free trade agreements.

Readings: Baldwin & Wyplosz 2,5

Week 10

Class: .

Company visit (To be announced)

The international monetary system: past, present and future

Goals of macroeconomic policy for open economies. Gold standard (1870-1914). Interwar experience (1918-1939). The Bretton Woods System and international financial institutions (1944-1973). The collapse of the Bretton Woods System. Macroeconomic policy and coordination under floating exchange rates (since 1973)

Readings: Krugman & Obstfeld 18,19, Feenstra & Taylor 19

Week 11

Class: .

The Euro in historical perspective

The Maastricht criteria. Pros and cons of the creation of the Euro

Readings: Krugman & Obstfeld 20, Feenstra & Taylor 21, Baldwin & Wyplosz 13,16,17

Week 12

Class: .

Optimum currency areas (OCA) and the Euro

History and present of the European monetary integration. The euro. The theory of OCA. Is the EMU an OCA?

Readings: Krugman & Obstfeld 20, Feenstra & Taylor 21, Baldwin & Wyplosz 13,16,17

Week 13

Class: .

Final paper presentations

Week 14

Class: .

Final paper presentations

Week 15

Class: .

Final

Course Materials

Readings

Additional readings assigned during the course:

Krugman, Paul and Obstfeld, Maurice (2008): International Economics: Theory and Policy (8th Edition), Pearson /Addison Wesley – selected chapters

Baldwin, Richard and Wyplosz, Charles (2006): The Economics of European Integration (2nd Edition), McGraw Hill – selected chapters

Recommended

Feenstra, Robert C. and Taylor, Alan M. (2008): International Economics, Worth Publishers – selected chapters