

Curricular unit sheet
Course International Economics
(Class B – Course taught in English)

Curricular Unit

International Economics

Responsible Academic staff and respective workload in the curricular unit (enter full name)

Professor Miguel Sousa Ferro (2h per week)

Other academic staff and respective workloads in the curricular unit

Learning outcomes of the curricular unit

Students are expected to acquire a solid understanding of how the global economy works and how economic ideas and policies have influenced current economic trends as well as led to the development of global institutions such as the IMF, the World Bank and the WTO. Students should be able to explain why free trade and the stability of trade and monetary relations are global public goods.

Syllabus

1. International Trade Theory
 - 1.1. The Comparative Advantage Model
 - 1.2. Specific Factors and Income Distribution
 - 1.3. The Heckscher-Ohlin Model
 - 1.4. The Standard Trade Model
 - 1.5. Economies of Scale, Imperfect Competition and the International Location of Production
 - 1.6. Firms in the Global Economy: Export Decisions, Outsourcing and Multinational Enterprises
2. International Trade Policy
 - 2.1. The Instruments of Trade Policy
 - 2.2. The Political Economy of Trade Policy

- 2.3. Trade Policy in Developing Countries
- 2.4. Controversies in Trade Policy
- 3. Balance of Payments and Exchange rates
 - 3.1. National Income Accounting and the Balance of Payments
 - 3.2. Exchange Rates and the Foreign Exchange Market
 - 3.3. Money, Interest Rates and Exchange Rates
 - 3.4. Fixed Exchange Rates and Foreign Exchange Intervention
- 4. International Macroeconomic Policy
 - 4.1. International Monetary Systems: An Historical Overview
 - 4.2. Optimum Currency Areas and the European Economic and Monetary Union
- 5. Global Capital Markets in the Aftermath of the Financial Crisis
 - 5.1. Financial Globalization: An Historical Overview
 - 5.2. The Global Financial Crisis: Causes and Consequences

Demonstration of the syllabus coherence with the curricular unit's objectives

The course will address the two main topics of International Economics: international trade relations and international monetary relations. In Parts 1 and 2 of the syllabus, students will acquire the fundamental concepts of international trade theory and examine them in a critical setting through case studies on controversial topics of trade policy. Parts 3 and 4 address the fundamentals of monetary relations, placing the issues of exchange rate determination in close relation with the balance of payments. Finally, Part 5 provides an opportunity to see how the insights of economic theory confront the development of global capital markets. Particular emphasis is put on the origins and policy responses to the recent financial crisis.

Teaching methodologies (including evaluation)

Teaching will combine lectures on the theories of international trade and monetary relations with the discussion in class of case-studies on recent economic events. Students will be encouraged to contribute new topics on the basis of news and on-going policy discussions. Case-studies will allow students to demonstrate their grasp of economic concepts and the ability to think critically on the topics raised by the subject.

Grading follows the traditional FDUL "continuing evaluation method" and will be based on continuous class participation (20%), a short paper or participation in an organised debate (40%) and a written test at the end of the semester (40%).

Demonstration of the coherence between the teaching methodologies and the learning outcomes

Students will be challenged to develop their own understanding of how economic theory explains (and sometimes fails to explain) current economic events. Grading class participation creates a strong incentive for students to take an active role in class development. The written paper allows students to develop and to conduct some research on a topic of their choice. The written test will assess students expected knowledge of how the global economy works and on the fundamental economic concepts of International Economics.

Main Bibliography

Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, *International Economics*, 9th ed., Pearson Education, Boston, 2011.