

Course guide

240348 - 240E0322 - World Economy

Last modified: 16/05/2023

Unit in charge: Barcelona School of Industrial Engineering
Teaching unit: 732 - OE - Department of Management.

Degree: MASTER'S DEGREE IN INDUSTRIAL ENGINEERING (Syllabus 2014). (Optional subject).
MASTER'S DEGREE IN MANAGEMENT ENGINEERING (Syllabus 2021). (Optional subject).

Academic year: 2023 **ECTS Credits:** 5.0 **Languages:** English

LECTURER

Coordinating lecturer: Lucas van Wunnik

Others:

PRIOR SKILLS

In order to follow more easily this course, the student should have some previous knowledge in principles of economics (production possibility frontier, supply and demand, GDP, etc.).

TEACHING METHODOLOGY

1. Teaching

Each lecture of the course includes the presentation of a theoretical tool (concept, model) and the application of the theory (i.e. the use of the theoretical tool of the lecture to analyse current or historical events). In this way, we pretend (1) that the student perceives the usefulness of the presented tool, and (2) that she/he can interpret effectively economic news and data.

In order to obtain the student's grade we will consider:

- His/her participation in class,
- The quality of his/her assignments (oral presentation in class and written report) related to an international economics topic,
- The solved exercises delivered by the student,
- His/her final exam at the end of the semester.

The different sets of problems, the guidelines to carry out classroom presentations, the schedule of the delivery of the sets of problems and the realisation of the classroom presentations will be posted on Atenea (intranet).

2. Activity outside the classroom

- Prepare the classroom presentation of the topic in international economics.
- Solve the sets of problems.
- Study the content related to what is taught in the classroom (solve problems and exercises, read the recommended chapters of the suggested textbook (see bibliography) and read the suggested complementary literature, etc.).

LEARNING OBJECTIVES OF THE SUBJECT

The course has two parts.

1. International trade: theory and policy

In this part, we analyse the causes and consequences of international trade and the international trade policy a country can implement.

2. GDP, economic growth and development

In this second part, we focus on long-run economic growth. Why do countries differ so dramatically in standards of living?

The course presents tools of economics (concepts, models) and applies them to questions related to international trade and long-run economic growth. The course leverages on real-world examples and news. The aim of the course is for the student to acquire and assimilate the economic tools presented and to be able of using them to analyse questions related to the two parts of the course (international trade and long-run economic growth).

By the end of the course, the student should:

- Possess a basic vocabulary of the two topics presented (opportunity cost, comparative advantage, terms of trade, external economies of scale, supply and demand, tariff, import quota, GDP, GDP per capita in PPP US\$, productivity, etc.)
- Be able to solve problems of economic models (comparative advantage, monopolistic competition and international trade, introduction of a tariff and its consequences, aggregate production function, etc.)
- Be able to analyse and interpret economic events and economic-policy proposals with the tools presented.
- Know where to find and how to use economic information (Eurostat, World bank, PNUD, etc.)
- Have the capacity to write and to argument his/her opinion more strongly in discussions about topics related to international trade and long-run economic growth.

STUDY LOAD

Type	Hours	Percentage
Hours large group	45,0	100.00

Total learning time: 45 h

CONTENTS

International trade

Description:

Firstly, we analyse the causes and consequences of international trade. Why do countries trade? What do they trade? And who gains and who loses from this trade? We see the different models explaining international trade: comparative advantage, factor endowments and international trade, economies of scale and imperfect competition and international trade. Secondly, we present the international trade policy instruments (tariffs, import quotas...), analyse the motives for countries or regional blocks to restrict or regulate international trade and study the effects of such policies on economic welfare.

Full-or-part-time: 52h 30m

Theory classes: 21h

Self study : 31h 30m

GDP, economic growth and development

Description:

If we want to understand why countries differ so dramatically in standards of living, we have to understand what can explain the big divergence in economic growth experimented by different groups of countries. What are the proximate and deep determinants of long-run economic growth of a country? To do this, we will, first, do a recap of how GDP, GDP per capita and productivity is computed. Second, we will present succinctly analytical frameworks, grounded in economic theory, that examine the proximate and deep determinants of productivity, the key determinant of long-run economic growth.

Full-or-part-time: 37h 30m

Theory classes: 15h

Self study : 22h 30m

GRADING SYSTEM

For the evaluation of the student, we will consider:

- The resolution of sets of problems, classroom participation.
- The classroom presentation and written report (2).
- The final exam.

Grading system:

$$N_{\text{final}} = 0,5 N_{\text{ef}} + 0,3 N_{\text{trab}} + 0,2 N_{\text{re}}$$

N_{final} = Final grade

N_{ef} = Mark final exam

N_{trab} = Mark big assignment (class presentation and written report)

N_{re} = Mark small assignments and problems/questions solved in class

EXAMINATION RULES.

During the final exam the student can use individual support material: calculator (no mobile phones), books and notes

BIBLIOGRAPHY

Basic:

- Krugman P. R.; Obstfeld, M.; Melitz M. J. International economics : theory and policy. 11th ed. Harlow, England: Pearson, 2018. ISBN 1292214872.
- Krugman, P.; Wells, R. Economics. 5th ed. New York: Worth Publishers, 2018. ISBN 9781319181949.
- Pugel, Thomas A.. International economics. 16th edition. New York, NY: McGraw-Hill Education, 2015. ISBN 1259252841.

Complementary:

- CORE Team. The Economy [on line]. [s.l.]: CORE Econ, [s.d.] [Consultation: 24/01/2023]. Available on: <https://www.core-econ.org/the-economy/index.html>.

RESOURCES

Other resources:

- Slides used by the teacher (in atenea)
- Guidelines for oral presentations
- Texts to comment or that may help to understand more thoroughly the material seen in class (in atenea)
- Solved exercises / problems (in atenea)