

NIVEAU « LICENCE »

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# PORTAIL ÉCONOMIE- GESTION

*INTERNATIONAL TRADE - IEMS*

UE fondamentale, semestre 6

## TEACHER :

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## OBJECTIVES OF THE COURSE

Trade theories are attempts of understanding why nations trade between them, and what makes this trade beneficial for both parties. This course aims at introducing the major trade theories and therefore the two rationales for trade: comparative advantage and return to scale. We will first review the "Traditional Trade Theories", with the seminal notion of comparative advantages from Ricardo's thought. Then, how this approach has been merged with neoclassical economics with the inputs of Heckscher, Ohlin and Samuelson (HOS framework). This framework allows to investigate the uneven

gains from trade within a country and identify winners and losers from globalization. A third part would be on new trade theories and inputs from Krugman and new economic geography in the 1980s.

We will then conclude on the new new trade theories that have been flourishing in the early 2000s.

### PRE-REQUISITE:

None

### OUTLINE:

#### **Chapter 1: International Trade from technical gap: the Ricardian approach**

- 1- From absolute advantage to comparative advantage
- 2- Autarky
- 3- Equilibrium in an open economy
- 4- Gains from trade and their determinants
- 5- Expanding Ricardo: more countries and more goods.

Conclusion

#### **Chapter 2: International Trade from endowments differences: The HOS model**

(Mucchielli et Mayer : Economie internationale, chapitre 7)

- 1- factor endowments and autarky equilibrium
- 2- Characteristics of international trade in an open economy
- 3- Consequences and uneven gains from trade
- 4- Specialization and growth
- 5- Expanding HOS: Trade in tasks and inequalities.

Conclusion

#### **Chapter 3: New Trade Theories**

- 1- Return to scale and product differentiation
- 2- External return to scale and monopolistic competition
- 3- When to be protectionist?

conclusion

#### **Chapter 4: New new trade theories:**

Multinational firms

Foreign direct investment versus arm's length trade.

Conclusion

#### **REFERENCES :**

Krugman, P. R., Obstfeld, M., & Melitz, M. (2012). *International Economics* 9th ed. Pearson

Gita Gopinath, Elhanan Helpman, Kenneth Rogoff *Handbook of international economics*. Elsevier.

Elhanan Helpman , *Understanding Global Trade* (2009)