

International Trade: Theory and the Mexican case

In this course we aim to explain the theoretical economic effects that are expected from an incurring in international trade. Those results will be confronted with empirical evidence, focusing on the Mexican case. We will start with the classical Ricardian and Heckscher-Ohlin models and extend to more complex environments, by introducing more goods, qualitatively differentiating them through the consideration of intermediate goods, and factors.

We will confront the theoretical predictions with the trade patterns. We will discuss empirical factors that affect international trade and approach the tools that are used to estimate them, such as the gravity equation; this way, we will be able to discuss the effects of scale economies and/or transportation costs. We will analyze the effect of specific considerations, such as monopolistic competition, and relate them to the Mexican reality.

In addition, we will analyze the expected theoretical effect of foreign direct investment, which have been regulated through free trade agreements, as well as explain the relationship between both of them. As it has been of greater importance during last years, study trade in tasks and its implications on trade of services and inequality.

Last, from a political economy point of view we will study free trade agreements as a commitment tool, both from the theoretical and empirical perspectives.

Evaluation

All students are required to attend to 80% of the sessions.

Option A. An essay on a specific topic on Mexican international trade (1,500 words) making references to one/several concepts analyzed in class.

Option B. A critical review (1,500 words) of one of the articles on the Mexican trade referred in class. Alternatively, you can select a scientific paper on Mexican international trade; in that case, you will need my previous approval.

Themes

Class 1. (Julen Berasaluce)

Comparative advantage and the Ricardian Model of trade

Class 2. (Julen Berasaluce)

Trading resources: The Heckscher-Ohlin Model and the Standard Trade Model

Class 3. (Julen Berasaluce)

A Neoclassical macroeconomic approach to international trade

Class 4. (Julen Berasaluce)

A Keynesian macroeconomic approach to international trade

Class 5. (Julen Berasaluce)

An empirical approach to International Trade: the Gravity Model

Class 6. (Julen Berasaluce)

Political implications of international trade: Rodrik's trilemma the negotiation of FTAs: new considerations (negotiation of a FTA between Mexico and Korea)

Class 7. (Diana Terrazas and Julen Berasaluce)

Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the regulation of international digital trade, particularly in the USMCA.

Class 8. (Diana Terrazas)

The Political Economy Drivers Propelling Mexico's Emerging Electric Vehicle Industry

Class 9. (Diana Terrazas)

The role of renewable energy in the North American trade integration

Class 10. (Julen Berasaluce)

The regulation of labor in the USMCA Class

References

Bown, C.P. and K. Claussen (2023). The Rapid Response Labor Mechanism of the US-Mexico-Canada Agreement. Peterson Institute for International Economics Working Paper No. 23-9.

Choi, E. and J. Harrigan. Handbook of International Trade. Blackwell.

Feenstra, R. Advanced International Trade: Theory and Evidence. Princeton University Press.

Krugman, P., M. Obstfeld and M. Melitz International Trade Theory and Policy. Pearson.

LeClercq, D. (2023). A Worker-Centered Trade Policy. Columbia Journal of Transnational Law 62(3), pp. 733-797.

Mankiw, G. Macroeconomics. Harvard University

Santos, A. C. Thomas and D. Trubek (eds.) (2019). World Trade and Investment Law Reimagined: A Progressive Agenda for an Inclusive Globalization. Anthem Press.