



1506
UNIVERSITÀ
DEGLI STUDI
DI URBINO
CARLO BO

Revision before the mid-term exam

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Topics

1. Stylized facts about the global economy
(Lecture 2)
2. Trade with comparative advantage: Ricardo model
(Lecture 6)
3. Trade with differences in factor endowments: HOS model
(Lecture 7)
4. Intra-industry trade: monopoly and monopolistic competition
(Lecture 8)
5. Trade and firm heterogeneity
(Lecture 9)
6. Trade costs
(Lecture 10)

Stylized facts about the global economy

- **Types of globalization**
- **Dimensions of globalization**
- **Interpretation** of data about long run patterns of globalization

Trade with comparative advantage (Ricardo)

- **Concepts of absolute and comparative advantage**
- **Assumptions** of the Ricardo model
- **Equilibrium** in the Ricardo model (i.e. condition on relative wage)
- **Gains** from trade in the Ricardo model

Trade with differences in factor endowments (HOS)

- **Assumptions** of the HOS model
- Closed and open economy **equilibrium** in the HOS model
- **Results** of the HOS model
- **Gains** from trade in the HOS model
- **Implications** of the HOS model for income **distribution**
- **Limits** of the HOS model

Intra-industry trade (monopoly, monopolistic competition – Krugman)

- **Definition** of intra-industry trade
- **Why** intra-industry trade **cannot** be explained by the **Ricardo** and **HOS** models
- **Monopoly** and intra-industry trade
- **Krugman** model
 - The **model** of monopolistic competition
 - **Assumptions** of the model
 - **Results** of the model
 - **Gains** from trade
 - Role played by **market size**

Trade and firm heterogeneity

- **Increasing returns, imperfect competition and firm heterogeneity**
- **Trade and firm selection**

Trade costs

- **Transportation** costs
- **Tariffs**
- **Non-tariff** barriers

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