

Try to respond the following questions relying on what has been taught throughout the course (Units 1 and 2). Using the presentations, class notes, and a little bit of common sense should be enough!

1) Try to explain, in your own words, the following phrase: "The world economy is much like an ever-increasing pie". As a reference, you can think about the following questions (you can even try to answer them!): What was the evolution of the global GDP in nominal terms? And in real? What has happened with the distribution of income, globally? Think in relative terms but also in absolute terms. In relation to the latter, what do you think was the evolution of (real) wages for the last 100 years? What should be the direct conclusion of that?

2) Try to explain the following statement: "The economy is NOT a zero-sum game".

3) Try to explain the phrase: "The world is flat". Provide arguments both in favor and against it.

4) What is offshoring? How does it relate to outsourcing? And what has been its evolution in recent times? What are its possible effects? Finally, what is the difference with FDI?

5) Why do countries engage in international trade? Try to think about two arguments.

6) Imagine that you can conceive the world in two big blocks of countries. The first group is represented by highly developed economies with high productivity levels, whereas the second group is formed by developing countries with very low productivity levels. Imagine further that the productivity of countries is the same within each group. How could you explain trade between these two blocks? Can you think of any model that might simplify things at this point?