

Economics Refresher Course for International Relations Majors

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This course will offer you a quick review of core economic concepts and mathematical tools. The main target audience are IR students who intend to take intermediate economics courses in the upcoming term. If you took Econ 101 before, but do not remember well part of what you learned, this course was designed for you.

We will have four encounters of two hours each. At each of them, I will use the first half to present a case study, introducing and illustrating key concepts. In the second half, students will solve exercises that bring these concepts to different situations, prompting you to (re-)construct other important conceptual knowledge.

Learning Outcomes:

- Opportunity Costs
- Budget Constrains
- Production Possibilities Frontier
- Basic geometry applied to economics: equation of a line, slopes, simple areas
- Using graphs and equations to describe economic situations
- Absolute and comparative advantage
- Gains of specialization and trade
- Basic theory of the firm (costs, production and hiring)
- How prices and quantities are determined in competitive markets
- The effect of productivity shocks, natural disasters, and changes in consumer preferences in prices and quantities sold
- The effects of government regulations like price controls and import quotas

1 Schedule

Days	Time	Location
September 1st	10am - 12pm	BUCH B313
September 1st	1pm - 3pm	BUCH B313
September 2nd	10am - 12pm	BUCH B313
September 2nd	1pm - 3pm	BUCH B313

2 Course Outline

1. *Opportunity Costs*

We will analyze the case of a consumer deciding between two goods, with limited money to spend. Then, we will talk about time as a limited resource and as a input to production. The concept of Production Possibility Frontier (PPF) will be introduced.

The exercises will ask you to find how budget/time constraints and PPF change with changing prices and productivity. You will also be asked to apply these concepts in practical situations.

2. *Should Dwayne “The Rock” Johnson move his own furniture?*

We motivate this session questioning whether a famous actor should move his own furniture by himself, or hire a moving company instead. As we answer this question, we review the concepts of absolute advantage and comparative advantage. We will study how these concepts relate to opportunity costs and the Production Possibility Frontier of *The Rock*. We finish by showing how trade and specialization can increase the countries’ available choices.

The exercises will ask you to employ the learned concepts in practical problems involving individual, firm and country specialization.

3. *How many stuff should you produce? How many people should you hire?*

We will study the case of a firm deciding the quantity to be produced. As we walk through this case, we will also review firms’ costs and marginal costs. Then, we will see how prices affect production decisions.

The ideas presented here have a broader application to other types of decisions. We will discuss general lessons and you will apply them to hiring decisions in the exercises. You will be asked to find the right amount of employees to hire and how this is affected by prices, wages and productivity.

4. *Supply, Demand, and Market Equilibrium*

In this section we will review how markets determine prices and quantities. Previously discussed results will be used to motivate supply curves.

Exercises will revolve around finding equilibrium prices and quantities. You will work in groups to find these numbers in particular situations and how they react to changing conditions regarding production and demand, as well as government action.