

UNIVERSITY OF ECONOMICS – VARNA
MASTER DEGREE CENTER
DEPARTMENT OF INTERNATIONAL ECONOMIC RELATIONS

ACCEPTED BY:

Rector:

(Prof. Dr. Plamen Iliev)

SYLLABUS

SUBJECT: “INTERNATIONAL ECONOMICS”;

DEGREE PROGRAMME: „International Business and Economics“; MASTER’S DEGREE

YEAR OF STUDY: 2; SEMESTER: 3;

TOTAL STUDENT WORKLOAD: 300 h.; incl. curricular 60 h.

CREDITS: 10

DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURS</i>	<i>WORKLOAD, h.</i>	<i>CLASSES PER WEEK.</i>
CURRICULAR:		
incl.		
) LECTURES	30	2
) SEMINARS (lab. exercises)	30	2
EXTRACURRICULAR	240	-

Prepared by:

1.
(Chief Assist. Prof. Dr. Aleksandar Shivarov)

2.
(Assoc. Prof. Dr. Georgi Marinov)

Head of department:
Dept. of International Economic Relations (Assoc. Prof. Dr. Georgi Marinov)

. ANNOTATION

“International Economics” builds upon the acquired theoretical models and analytical skills from micro- and macroeconomics, as well as from the knowledge on international business environment. The course deepens the theoretical understanding of the contemporary issues in international trade and finance. It is structured around four major topics: international trade theory, international trade policy, exchange rates and open-economy macroeconomics and international macroeconomic policy.

The course aims to develop the economic approach and way of thinking in the students of international business. It emphasises the role and place of small open economies in the globalising world.

II. THEMATIC CONTENT

No.	TITLE OF UNITS AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
1.	World Trade: An Overview	2	2	
	1.1. Trends in world trade since 1950s			
	1.2. Ages and stages of globalisation			
	1.3. Country size and international trade			
	1.4. The effects of distance and border on trade			
	1.5. Changes in the patterns of trade			
2.	Labour Productivity and Comparative Advantage: The Ricardian Model	2	2	
	2.1. The concept of comparative advantage			
	2.2. Trade in a one-factor world			
	2.3. Misconceptions about comparative advantage			
	2.4. Comparative advantage with many goods			
	2.5. Empirical evidence on the Ricardian model			
3.	Resources and Trade: The Heckscher-Ohlin Model	2	2	
	3.1. A model of a two-factor economy			
	3.2. Effects of international trade between two-factor economies			
	3.3. Empirical evidence on the Heckscher-Ohlin model			
4.	External Economies of Scale and the International Location of Production	2	2	
	4.1. Economies of scale and international trade: an overview			
	4.2. Economies of scale and market structure			
	4.3. The theory of external economies			
	4.4. Implications for international location of production			
5.	Firms in the Global Economy: Export Decisions, Outsourcing, and Multinational Enterprises	2	2	
	5.1. Monopolistic competition and trade			
	5.2. Firm responses to trade			
	5.3. Trade costs and export decisions			
	5.4. Multinationals and outsourcing			
6.	The Instruments of Trade Policy	2	2	
	6.1. Basic tariff analysis			
	6.2. Costs and benefits of a tariff			
	6.3. Other instruments of trade policy			
	6.4. The effects of trade policy			
7.	The Political Economy of Trade Policy	2	2	

	7.1. The case for free trade			
	7.2. National welfare arguments against free trade			
	7.3. Income distribution and trade policy			
	7.4. International negotiations and trade policy			
	8. National Income Accounting and the Balance of Payments	2	2	
	8.1. The national income accounts			
	8.2. National income accounting for an open economy			
	8.3. The balance of payment accounts			
	9. Exchange Rates and the Foreign Exchange Market	2	2	
	9.1. Exchange rates and international transactions			
	9.2. The foreign exchange market			
	9.3. The demand for foreign currency assets			
	9.4. Equilibrium in the foreign exchange market			
	9.5. Interest rates, expectations, and equilibrium			
	10. Money, Interest Rates, and Exchange Rates	2	2	
	10.1. Definitions of money			
	10.2. The demand for money by individuals			
	10.3. Aggregate money demand			
	10.4. Money supply and exchange rate in the short run			
	10.5. Money, the price level, and the exchange rate in the long run			
	11. Price Levels and the Exchange Rate in the Long Run	2	2	
	11.1. Purchasing power parity			
	11.2. Long-run exchange rate model based on PPP			
	11.3. Empirical evidence			
	11.4. International interest rate differences and real exchange rate			
	12. International Monetary Systems	2	2	
	12.1. Macroeconomic policy goals in an open economy			
	12.2. International macroeconomic policy under the gold standard, 1870-1914. Interwar years, 1918-1939			
	12.3. The Bretton Woods system and the International Monetary Fund			
	12.4. Pros and cons of floating exchange rates			
	12.5. Macroeconomic interdependence under a floating rate			
	13. Optimum Currency Areas and the European Experience	2	2	
	13.1. Evolution of the European single currency			
	13.2. The euro and economic policy in the eurozone			
	13.3. The theory of optimum currency areas			
	13.4. The European sovereign debt crisis and its implications			
	14. Financial globalization: opportunity and crisis	2	2	
	14.1. International banking and the international capital market			
	14.2. Regulating international banking			
	14.3. Capital and risk allocation by international financial markets			
	15. Developing Countries: Growth, Crisis, and Reform	2	2	
	15.1. Income, wealth, and growth in the world economy			
	15.2. Structural features of developing countries			
	15.3. Developing country borrowing and debt			
	15.4. Lessons from emerging markets			
	15.5. Reforming the world's financial "architecture"			
	Total:	30	30	

. FORMS OF CONTROL:

No. by row	TYPE AND FORM OF CONTROL	No/week	Extra-curricular hours
1.	Midterm control		
1.1.	Project work – on a predefined theme	1	45
1.2.	Test (mixed type questions)	2	50
	Total mid-term control:	3	95
2.	Final term control		
2.1.	Examination (test)	1	145
	Total final term control:	1	145
	Total for all types of control:	4	240

V. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Krugman, Paul R, Maurice Obstfeld, and Jacques Mélitz. *International Economics: Theory and Policy*. 10th ed. Harlow, Essex, UK: Pearson Education, 2015.

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Bernanke, Ben S., Thomas Laubach, Frederic S. Mishkin, and Adam S. Posen. *Inflation Targeting: Lessons from the International Experience*. Princeton, NJ: Princeton University Press, 1999.
2. Dornbusch, Rudiger, Stanley Fischer and Paul Samuelson. “Comparative Advantage, Trade and Payments in a Ricardian Model with a Continuum of Goods.” *American Economic Review* 67 (December 1977), pp. 823-839.
3. Gerber, James. *International Economics*. 7th ed. Harlow, Essex, UK: Pearson Education, 2017.
4. Feldstein, Martin. “The Political Economy of the European Economic and Monetary Union: Political Sources of an Economic Liability.” *Journal of Economic Perspectives* 11 (Fall 1997), pp. 23-42.
5. Fischer, Stanley. “Exchange Rate Regimes: Is the Bipolar View Correct?” *Journal of Economic Perspectives* 15 (Spring 2001), pp. 3-24.
6. International Monetary Fund. *Balance of Payments and International Investment Position Manual*. 6th ed., 2011.
7. Kindleberger, Charles P.. *The World in Depression 1929-1939*. Rev ed. Berkeley and Los Angeles: University of California Press, 1986.
8. Linder, Staffan B. *An Essay on Trade and Transformation*. New York: John Wiley and Sons, 1961.
9. Mundell, Robert A.. “Capital Mobility and Stabilization Policy Under Fixed and Flexible Exchange Rates.” *Canadian Journal of Economics and Political Science* 29 (November 1963), pp. 475-485.
10. Porter, Michael. *The Competitive Advantage of Nations*. New York: Free Press, 1990.
11. Salvatore, Dominick. *International Economics*. 11th ed., New York: J. Wiley, 2013.
12. Samuelson, Paul. “International Trade and the Equalisation of Factor Prices.” *Economic Journal* 58 (1948), pp. 163-184, and “International Factor Price Equalisation Once Again.” *Economic Journal* 59 (1949), pp. 181-196.
13. Shivarov, A., Diversity in Bulgarian foreign trade, *Izvestia, Journal of the Union of Scientists - Varna*, 63-71 (2014).
14. World Trade Organization. *World Trade Report*. Geneva: WTO, various years.