

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

Adopted by the FC (record №/ date):

Adopted by the DC (record №/ date):

ACCEPTED BY:

Dean:

(Prof. Stoyan Marinov, PhD)

SYLLABUS

SUBJECT: INTERNATIONAL TRADE THEORY

DEGREE PROGRAMME: INTERCULTURAL BUSINESS; MASTER`S DEGREE

YEAR OF STUDY: 5; SEMESTER: 10

TOTAL STUDENT WORKLOAD: 120 hours; incl. curricular 30 hours

CREDITS: 4

DISTRIBUTION OF STUDENT WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURS</i>	WORKLOAD, hours	TEACHING HOURS PER WEEK, hours
CURRICULAR: incl.		
● LECTURES	30	2
● SEMINARS / LAB. EXERCISES	0	0
EXTRACURRICULAR	90	-

Prepared by:

1.
(ch. asst. prof. A. Shivarov, PhD)

Head of department
of International Economic Relations:
(assoc. prof Georgi Georgiev, PhD)

I. ANNOTATION

Course goals:

The objective of the course is to provide students with an advanced understanding of the most relevant international trade theories, their applications, and the empirical research methods of the field.

Course content, topics:

the changing pattern of world trade, the gravity model, the Ricardian model and its extensions, the Ricardo-Jones-Viner (specific factors) model, the Heckscher-Ohlin model, the standard trade model, external economies and international trade, interregional trade and (the new) economic geography, imperfect competition and trade, performance differences across producers ('new new trade theory', the Melitz model), multinationals and outsourcing

Learning methods:

The course is highly interactive between the class and the instructor. Through case studies/presentations and problems, students will have the opportunity to use the concepts and ideas presented in class. Problem-solving sessions occur in both individual (primarily) and team (occasionally) settings. For our empirical analyses, we use the UN Comtrade Database.

The key competencies for lifelong learning, according to European Reference Framework (<https://www.britishcouncil.org/sites/default/files/youth-in-action-keycomp-en.pdf>) that are developed in the course include: Personal, social and learning to learn competence (5), Citizenship competence (6), and Cultural Awareness and Expression (8).

II. THEMATIC CONTENT

№	TITLE OF TOPIC AND SUBTOPICS	NUMBER OF HOURS ¹		
		L	S	L.E.
Theme 1. INTRODUCTION		2		
1.1.	What is international economics about? International trade topics Gains from trade, explaining patterns of trade. International policy coordination			
1.2.	Review, exercises, case studies			
Theme 2. WORLD TRADE: AN OVERVIEW		2		
2.1.	Largest trading partners of the United States. Gravity model: influence of an economy's size on trade Distance, barriers, borders and other trade impediments. Globalization: then and now. Changing composition of trade. Service outsourcing			
2.2.	Review, exercises, case studies			
Theme 3: LABOR PRODUCTIVITY AND COMPARATIVE ADVANTAGE: THE RICARDIAN MODEL I		3		
3.1.	Opportunity costs and comparative advantage A one-factor Ricardian model Production possibilities Gains from trade Wages and trade Misconceptions about comparative advantage Transportation costs and non-traded goods Empirical evidence			
3.2.	Review, exercises, case studies			

¹ L – lectures; S – seminars; L.E. – laboratory exercises

Theme 4: LABOR PRODUCTIVITY AND COMPARATIVE ADVANTAGE: THE RICARDIAN MODEL II		2		
4.1.	Comparative Statics in the model, the Dornbusch-Fisher-Samuelson model, the Eaton-Kortum model			
4.2.	Review, exercises, case studies			
Theme 5: SPECIFIC FACTORS AND INCOME DISTRIBUTION I		2		
5.1.	Introduction. The Specific Factors Model. International Trade in the Specific Factors Model. Income Distribution and the Gains from Trade. Political Economy of Trade: A Preliminary View. International Labor Mobility			
5.2.	Review, exercises, case studies			
Theme 6: SPECIFIC FACTORS AND INCOME DISTRIBUTION II.		2		
6.1.	Rybczynski-effect in the model, the Jones algebra, Dutch disease			
6.2.	Review, exercises, case studies			
Theme 7: RESOURCES AND TRADE: THE HECKSCHER-OHLIN MODEL I		2		
7.1.	Production possibilities. Changing the mix of inputs. Relationships among factor prices and goods prices, and resources and output. Trade in the Heckscher-Ohlin model. Factor price equalization. Trade and income distribution. Empirical evidence			
7.2.	Review, exercises, case studies			
Theme 8: RESOURCES AND TRADE: THE HECKSCHER-OHLIN MODEL II		2		
8.1.	Factor price reversals. The neoclassical trade model. The Heckscher-Ohlin-Vanek theorem. Technology in the model			
8.2.	Review, exercises, case studies			
Theme 9: THE STANDARD TRADE MODEL		2		
9.1.	Relative supply and relative demand. The terms of trade and welfare. Effects of economic growth, import tariffs, and export subsidies. International borrowing and lending			
9.2.	Review, exercises, case studies			
Theme 10: EXTERNAL ECONOMIES OF SCALE AND THE INTERNATIONAL LOCATION OF PRODUCTION		2		
10.1.	Economy of scale theoretical framework and implications			
10.2.	Review, exercises, case studies			
Theme 11: FIRMS IN THE GLOBAL ECONOMY: EXPORT DECISIONS, OUTSOURCING, AND MULTINATIONAL ENTERPRISES I		2		
11.1.	Types of economies of scale. Economies of scale and market structure. The theory of external economies. External economies and international trade. Dynamic increasing returns. International trade and economic geography			
11.2.	Review, exercises, case studies	2		
Theme 12: FIRMS IN THE GLOBAL ECONOMY: EXPORT DECISIONS, OUTSOURCING, AND MULTINATIONAL ENTERPRISES II				
12.1.	Export Decisions, Outsourcing, and Multinational Enterprises I. LO: Dumping. Multinationals and outsourcing			
12.2.	Review, exercises, case studies			
Theme 13: INTRA-INDUSTRY TRADE		3		
13.1.	Theories, measurement, empirics			

13.2.	Review, exercises, case studies			
Theme 14: SUMMARY		2		
14.1.	Summary of the course			
14.2.	Review, exercises, case studies			
		Total:	30	

III. FORMS OF CONTROL:

№	TYPE AND FORM OF CONTROL	Number	extracurricular, hours
1.	Midterm control		
1.1.	Class Activity	1	10
1.2.	Seminar Performance	2	40
Total midterm control:		3	50
2.	Final term control		
2.1.	Examination (test)	1	40
Total final term control:		1	40
Total for all types of control:		4	90

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. International Trade Theory Course Materials available at <https://e-learn.ue-varna.bg>.
2. Krugman, P., Obstfeld, M., Melitz, M. (2022). International Economics – Theory and Policy. 13th Edition, Pearson.

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Advanced International Trade – Theory and Evidence. 2nd Edition, Princeton University Press, ISBN: 0691114102.
2. Caves, R. E., Frankel, J. A., Jones, R. W. (2007). World Trade and Payments, An Introduction. 10th Edition, Pearson International Edition.
3. Feenstra, R. C., Taylor, A. M. (2020). International Trade. Worth Publishers.