

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

Adopted by the FC (record №/ date):
Adopted by the DC (record №/ date): №8/28.02.2020

ACCEPTED BY:
Dean:
(Assoc. Prof. H. Blagoycheva, PhD)

SYLLABUS

SUBJECT: “INTERNATIONAL ECONOMICS”;
DEGREE PROGRAMME: “International Business and Management”; MASTER’S DEGREE
YEAR OF STUDY: 5; SEMESTER: 10;
TOTAL STUDENT WORKLOAD: 270 hours; incl. curricular 60 hours
CREDITS: 9

DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURSE</i>	WORKLOAD, hours	TEACHING HOURS PER WEEK, hours
CURRICULAR: incl. <ul style="list-style-type: none">• LECTURES• SEMINARS / LAB. EXERCISES	30 30	2 2
EXTRACURRICULAR	210	-

Prepared by:

1.
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2.
(Assoc. Prof. Dr. Georgi Marinov)

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

I. 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 supply and demand for foreign currency assets			
	9.4. Flexible and fixed exchange rate systems			
	9.5. Choosing the right exchange rate system			
	10. Optimum Currency Areas and the European Experience	2	2	
	10.1. Evolution of the European single currency			
	10.2. The euro and economic policy in the eurozone			
	10.3. The theory of optimum currency areas			
	10.4. The European sovereign debt crisis and its implications			
	11. An Introduction to Open Economy Macroeconomics	2	2	
	11.1. The macroeconomy in a global setting			
	11.2. Aggregate demand and aggregate supply			
	11.3. Fiscal and monetary policies			
	11.4. Macro policies for current account imbalances			
	11.5. Macroeconomic policy coordination in developed countries			
	12. International Financial Crises	2	2	
	12.1. The challenge to financial integration			
	12.2. Definition of a financial crisis			
	12.3. Sources of international financial crises			
	12.4. Domestic issues in crisis avoidance. Policies for crisis management			
	12.5. Reform of the international financial architecture			
	13. The European Union: Many Markets into One	2	2	
	13.1. The size of the European market			
	13.2. Evolution of the European Union			
	13.3. Monetary union and the euro			
	13.4. Widening the European Union			
	13.5. The demographic challenge of the future			
	14. China and India in the World Economy	2	2	
	14.1. China, India and the BRICs			
	14.2. Demographic and economic characteristics			
	14.3. Economic reform in China and India			
	14.4. The challenges of China and India in the world economy			
	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			
	Total:	30	30	

III. FORMS OF CONTROL:

No.	TYPE AND FORM OF CONTROL	Number	Extra-curricular, hours
1.	Midterm control		
1.1.	Project work – on a predefined theme	1	50
1.2.	Test (mixed type questions)	2	40
	Total midterm control:	3	90
2.	Final term control		
2.1.	Examination (test)	1	120
	Total final term control:	1	120
	Total for all types of control:	4	210

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Gerber, James. *International Economics*. 7th ed. Harlow, Essex, UK: Pearson Education, 2017.
2. Krugman, Paul R, Maurice Obstfeld, and Jacques Mélitz. *International Economics: Theory and Policy*. 10th ed. Harlow, England: 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. 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.
4. Fischer, Stanley. “Exchange Rate Regimes: Is the Bipolar View Correct?” *Journal of Economic Perspectives* 15 (Spring 2001), pp. 3-24.
5. International Monetary Fund. *Balance of Payments and International Investment Position Manual*. 6th ed., 2011.
6. Linder, Staffan B. *An Essay on Trade and Transformation*. New York: John Wiley and Sons, 1961.
7. 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.
8. Porter, Michael. *The Competitive Advantage of Nations*. New York: Free Press, 1990.
9. Salvatore, Dominick. *International Economics*. 11th ed., New York: J. Wiley, 2013.

10. 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.
11. Shivarov, A., Diversity in Bulgarian foreign trade, *Izvestia, Journal of the Union of Scientists - Varna*, 63-71 (2014).
12. World Trade Organization. *World Trade Report*. Geneva: WTO, various years.