

UNIVERSITY OF ECONOMICS - VARNA
FACULTY OF FINANCE AND ACCOUNTING
DEPARTMENT OF GENERAL ECONOMIC THEORY

Adopted by the FC (record №11/25.04.2024)

Adopted by the DC (record №11/09.04.2024)

ACCEPTED BY:

Dean:

(Assoc. Prof. Daniela Georgieva, 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 STUDENT WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURS</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.
(Chief Assist. Prof. A. Shivarov, PhD)
2.
(Assoc. Prof. G. Marinov, PhD)

Head of department
of International Economic Relations:
(Prof. Vesselina Dimitrova, PhD)

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. The subject contributes to the development of numerical and scientific skills, as well as active citizenship competences.

II. THEMATIC CONTENT

No.	TITLE OF UNITS AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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			
Theme 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:

№	TYPE AND FORM OF CONTROL	Number	extracurricular, hours
1.	Midterm control		
1.1.	Project work – on a predefined theme	1	50
1.2.	Test (mixed type questions)	2	60
Total midterm control:		3	110
2.	Final term control		
2.1.	Examination (test)	1	100
Total final term control:		1	100
Total for all types of control:		4	210

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

- Gerber, J. (2022) *International Economics*. 8th ed. Harlow: Pearson Education.
- Krugman, P., Obstfeld, M. and Méltiz, J. (2019) *International Economics: Theory and Policy*. 11th ed. Harlow, England: Pearson Education.

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Bernanke, B., Laubach, T., Mishkin, F. and Posen, A. (1999) *Inflation Targeting: Lessons from the International Experience*. Princeton, NJ: Princeton University Press.
2. Dornbusch, R., Fischer, S. and Samuelson, P. (1977) "Comparative Advantage, Trade and Payments in a Ricardian Model with a Continuum of Goods." *American Economic Review* 67, 823-839.
3. Feldstein, M. (1997) "The Political Economy of the European Economic and Monetary Union: Political Sources of an Economic Liability." *Journal of Economic Perspectives* 11, pp. 23-42.
4. Fischer, S. (2001) "Exchange Rate Regimes: Is the Bipolar View Correct?" *Journal of Economic Perspectives* 15, 3-24.
5. International Monetary Fund (2011) *Balance of Payments and International Investment Position Manual*. 6th ed., Washington DC.
6. Linder, S. (1961) *An Essay on Trade and Transformation*. New York: John Wiley and Sons.
7. Mundell, R. (1963) "Capital Mobility and Stabilization Policy Under Fixed and Flexible Exchange Rates." *Canadian Journal of Economics and Political Science* 29, 475-485.
8. Porter, M. (1990) *The Competitive Advantage of Nations*. New York: Free Press.
9. Salvatore, D. (2019) *International Economics*. 13th ed., New York: J. Wiley.
10. Samuelson, P. (1948) "International Trade and the Equalisation of Factor Prices." *Economic Journal* 58, 163-184
11. Samuelson, P. (1949) "International Factor Price Equalisation Once Again." *Economic Journal* 59, 181-196.
12. Shivarov, A. (2014) Diversity in Bulgarian foreign trade, *Izvestia, Journal of the Union of Scientists - Varna*, 63-71.
13. World Trade Organization and United Nations Conference on Trade and Development. (2012) *A Practical Guide to Trade Policy Analysis*. New York, Geneva: UNCTAD and WTO.
14. World Trade Organization. *World Trade Report*. Geneva: WTO, various years.