

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

ACCEPTED BY:

Rector:

(Prof. Dr. Plamen Iliev)

SYLLABUS

SUBJECT: “INTERNATIONAL ECONOMICS”;

DEGREE PROGRAMME: „International Business“; BACHELOR`S DEGREE

YEAR OF STUDY: 3; SEMESTER: 5;

TOTAL STUDENT WORKLOAD: 180 h.; incl. curricular 60 h.

CREDITS: 6

DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURSE</i>	WORKLOAD, h.	TEACHING HOURS PER WEEK, h
CURRICULAR:		
incl.		
• LECTURES	30	2
• SEMINARS (lab. exercises)	30	2
EXTRACURRICULAR	120	-

Prepared by:

1.
(Assoc. Prof. Dr. V. Gargov)

2.
(Assoc. Prof. Dr. K. Kolev)

Head of department:
„General Economic Theory“ (Prof. Dr. Z. Mladenova)

I. ANNOTATION

The International Economics course is a natural continuation of the subject studied by the students of Microeconomics, Macroeconomics, Economic History, History of Economic Thought and other fundamental business disciplines. In terms of complexity, it is at an intermediate level, and in terms of content, scope and structure the thematic units correspond to the world standards in this discipline, taught at internationally recognized economics faculties. The topics are organized into three sections: "Theory of International Trade", "Fundamentals of International Finance Theory" and "The Role of the Foreign Economic Sector in the Structure of the General Economic Equilibrium".

Successful mastering of the course content requires students to be familiar with the basics of micro and macroeconomic analysis and to have the necessary mathematical training at the intermediate level. Through such synthesis they are able to form knowledge about the basic concepts, to grasp the meaning of the different views and concepts of the functioning of the world economy, and thus to easily understand the internal logic and the mechanisms of its functioning and development.

The main focus of the course is on the analytical presentation of contemporary theoretical concepts of international trade, international finance and foreign economic policy. The abstract-mathematical teaching of the material is always supplemented by a specific empirical-statistical approximation of the theoretical principles in the conditions of globalization and convergence of the Bulgarian economy into the European economic space.

The aim of the course is to develop analytical skills and routines in assessing the effects of international trade, importing foreign capital, conducting foreign trade and currency policies, interpreting conflicting situations such as today's turbulence in international debt markets, enormous payment imbalances, the mechanism and consequences of the transfer of economic disturbances during the last economic crisis as well as the prospects for European integration and the single European currency.

By developing self-thinking skills, students successfully passing the course not only broaden and enrich their overall economic culture but also have a theoretical foundation that allows them to understand and use the applied science literature in the field of international economics. And last but not least, the potential accumulated in the course expands their ability to expand their knowledge in perspective on similar economic disciplines such as Foreign Trade, Customs, International Economic Relations and other upper-level subjects.

II. THEMATIC CONTENT

No. по ред	TITLE OF UNIT AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
UNIT 1. FOUNDATIONS OF INTERNATIONAL TRADE THEORY		2	2	
1.1	Early visions of international trade and the need for protectionism. Mercantilism.			
1.2	Adam Smith's Concept of Absolute Advantages.			
1.3	The hypothesis of D. Ricardo for the comparative advantages. Disadvantages and improvements in D. Ricardo's model.			
1.4	The Debate on the Comparative Advantages of Bulgaria in International Trade.			
UNIT 2. NEOCLASSICAL ANALYSIS AND NEW THEORY OF INTERNATIONAL TRADE		4	4	
2.1	Neoclassical analysis of international trade - specialization and trade at constant and with increasing alternative costs.			
2.2	Productive and Consumer Equilibrium - Analysis of the Benefits of Parties' Participation in International Trade			
2.3	Factors' Basis of International Trade - The Heresher / Ohlin / Samuelsson Theorem, International Trade and the Adaptation of International Prices, "Leonetyv Paradox".			
UNIT 3. TARIFF PROTECTION		2	4	
3.1	Economic substance and functions of tariffs, types of tariffs.			
3.2	Nominal and real effects of the imposition of tariffs on imports - a model for a 'small' country.			
3.3	Nominal and real effects for a "large" country.			
3.4	Levels of tariff protection.			
3.5	Arguments in favor of tariff protectionism and considerations against the use of tariffs in international trade			
3.6	Bulgaria's tariff policy in the 20 th century			
UNIT 4. NON-TARIFF RESTRICTIONS OF INTERNATIONAL TRADE		4	4	
4.1	Types of non-tariff restrictions			
4.2	Quantitative restrictions in international trade – the mechanics and consequences of the imposition of an import quota.			
4.3	Comparative analysis between quota and customs protectionism.			
4.4	Voluntary export restrictions.			
4.5	Internal subsidies, export subsidies and compensation charges.			
4.6	Other non-tariff restrictions in international trade - international price dumping, requirements for local production and state purchases.			
4.7.	Non-tariff restrictions used by the EU and Bulgaria.			
UNIT 5. INTERNATIONAL TRADE IN THE STRUCTURE OF THE MAIN MACROECONOMIC MODELS		2	4	
5.1	The classical model of an “open economy”.			
5.2	Flexible and fixed exchange rate adjustment - savings, investment, net exports, exchange rate and net outflow of capital.			
5.3	Marshall-Lerner's condition and peculiarities of the "J-curve".			
5.4	Keynesian Macroeconomic Models for an Open Economy.			
5.5	Income / Expenditure Model in an Open Economy – net export function and multiplier in an Open Economy.			

5.6	The Keynesian IS-LM Model for an Open Economy.			
5.7	Integrated effect of automatic adjustment mechanisms - adaptation by absorption, monetary mechanism of adjustment and synthesis of mechanisms.			
UNIT 6. MAIN TRENDS IN INTERNATIONAL TRADE DEVELOPMENT		2		
6.1	Liberal and protectionist waves in the modern history of international trade.			
6.2	Trends in the Development of International Trade in the 20th Century.			
6.3	Institutional Aspects of Regulation of Modern International Trade.			
UNIT 7. CURRENCY MARKET AND FOREIGN EXCHANGE RATE		4	4	
7.1	Characteristics, Structure and Organization of Modern Currency Markets.			
7.2	Currency Transactions and Foreign Exchange Instruments.			
7.3	Exchange rate - nominal, real and effective exchange rate.			
7.4	Determining the equilibrium rate of spot and forward markets.			
7.5	Monetary and Portfolio Approach to the Exchange Rate.			
7.6	Special features of the foreign exchange market and the exchange rate regime in Bulgaria at the end of the 20th and the beginning of the 21st century.			
UNIT 8. PAYMENT BALANCE		2	2	
8.1	Characteristics of the Balance of Payments category - definition, formulas and payment rules for the balance of payments.			
8.2	Vertical and horizontal balance of payments structure.			
8.3	Main sections and balances of the balance of payments.			
8.4	The current account deficit in the Balance of Payments of the Republic of Bulgaria.			
UNIT 9. MACROECONOMIC POLICY WITH FIXED AND FLOATING EXCHANGE RATE		2	4	
9.1	Currency exchange regimes - fixed and floating exchange rate, currency exchange rate option.			
9.2	Macroeconomic equilibrium and macroeconomic policy in an open economy.			
9.3	Macroeconomic policy in a fixed exchange rate - money inefficiency and fiscal policy capabilities.			
9.4	Internal and external equilibrium at a floating exchange rate - opportunities and constraints to fiscal and monetary policy at a floating exchange rate.			
9.5	Special features of monetary and fiscal policy in Bulgaria after the introduction of a currency board arrangement.			
UNIT 10. INTERNATIONAL FOREIGN EXCHANGE SYSTEM		2		
10.1	Scope, structure and evolution of the international currency System.			
10.2	The International Currency System at the Gold Standard - Specifics of International Payment Rates and Foreign Exchange Rates in the Condition of a Classical Gold Standard and a Cut Gold Standard.			
10.3	Features and Functionality of the Bretton-Wood System.			
10.4	Basic Principles of the Jamaican Currency System.			
UNIT 11. FOREIGN DIRECT INVESTMENT AND TNC		2		
11.1	Transnational corporations as a subject of the global economy - nature, distinctive features and classification of TNCs.			

11.2	Motivation for Transnational Activities of TNCs.			
11.3	The location of TNC in the global economy.			
11.4	Foreign Direct Investments and TNCs in Bulgaria.			
UNIT 12. REGIONAL ECONOMIC INTEGRATION		2	2	
12.1	Nature and methodology of regional economic integration.			
12.2	Levels of economic integration.			
12.3	Static and dynamic effects of regional integration - analysis of the static effects of the customs union.			
12.4	Neoclassical Analysis of the Effect of the Customs Union on Welfare and the Dynamic Effects of Regional Integration.			
12.5	Preconditions for European integration and key stages in EU development.			
12.6	European Economic and Monetary Union.			
12.7	Consequences for Bulgaria from its accession to the EU.			
Total:		30	30	

III. FORMS OF CONTROL:

No. by row	TYPE AND FORM OF CONTROL	№	extra-curricular, h.
1.	Midterm control		
1.1.	Electronic tests	2	30
1.2	Tests (mixed-type questions and problems)	2	30
1.3.	Final test	1	30
Total midterm control:		5	90
2.	Final term control		
2.1.	Examination (mixed type questions and problems)	1	60
Total final term control:		1	60
Total for all types of control:		13	195

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Krugman, P., Obstfeld, M., Melitz, M., International Economics: Theory and Policy, (10th Edition), Pearson Series in Economics, Prentice Hall, 2014.
1. Carbaugh, R., International Economics (15th Edition), South-Western College Pub, 2014.
2. Jovanovic, M., The Economics of European Integration (2nd Revised Edition), Edward Elgar Publishing, 2014.

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Goldberg, L., Klein, M., Ito, H., Study Guide for International Economics: Theory and Policy 10th Edition, Pearson Series in Economics, Prentice Hall, 2014.