

UNIVERSITY OF ECONOMICS – VARNA
FACULTY OF MANAGEMENT
DEPARTMENT OF INTERNATIONAL ECONOMIC RELATIONS

ACCEPTED BY:
Rector:
(Prof. Dr. Plamen Iliev)

SYLLABUS

SUBJECT: “INTERNATIONAL ECONOMICS”;
DEGREE PROGRAMME: „Accounting“; 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 HOURS</i>	<i>WORKLOAD, h.</i>	<i>CLASSES PER WEEK.</i>
CURRICULAR: incl. <ul style="list-style-type: none">• LECTURES• SEMINARS (lab. exercises)	30 30	2 2
EXTRACURRICULAR	120	-

Prepared by:
1.
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2.
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Head of department:
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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.	Specific Factors and Income Distribution	2	2	
	3.1. The specific factors model			
	3.2. International trade in the specific factors model			
	3.3. Income distribution and the gains from trade			
	3.4. The political economy of trade			
4.	Resources and Trade: The Heckscher-Ohlin Model	2	2	
	1.1. A model of a two-factor economy			
	1.2. Effects of international trade between two-factor economies			
	1.3. Empirical evidence on the Heckscher-Ohlin model			
5.	The Standard Trade Model	2	2	
	5.1. A standard model of a trading economy			
	5.2. International transfers of income: shifts the relative demand			
	5.3. Tariffs and export subsidies: simultaneous shifts in relative supply and demand			
6.	External Economies of Scale and the International Location of Production	2	2	
	6.1. Economies of scale and international trade: an overview			
	6.2. Economies of scale and market structure			
	6.3. The theory of external economies			
	6.4. Implications for international location of production			
7.	The Instruments of Trade Policy	2	2	
	7.1. Basic tariff analysis			

	7.2. Costs and benefits of a tariff			
	7.3. Other instruments of trade policy			
	7.4. The effects of trade policy			
8. The Political Economy of Trade Policy		2	2	
	8.1. The case for free trade			
	8.2. National welfare arguments against free trade			
	8.3. Income distribution and trade policy			
	8.4. International negotiations and trade policy			
9. National Income Accounting and the Balance of Payments		2	2	
	9.1. The national income accounts			
	9.2. National income accounting for an open economy			
	9.3. The balance of payment accounts			
10. Exchange Rates and the Foreign Exchange Market		2	2	
	10.1. Exchange rates and international transactions			
	10.2. The foreign exchange market			
	10.3. The demand for foreign currency assets			
	10.4. Equilibrium in the foreign exchange market			
	10.5. Interest rates, expectations, and equilibrium			
11. Money, Interest Rates, and Exchange Rates		2	2	
	11.1. Definitions of money			
	11.2. The demand for money by individuals			
	11.3. Aggregate money demand			
	11.4. The money supply and the exchange rate in the short run			
	11.5. Money, the price level, and the exchange rate in the long run			
12. Fixed Exchange Rates and Foreign Exchange Intervention		2	2	
	12.1. Central bank intervention and the money supply			
	12.2. How the central bank fixes the exchange rate			
	12.3. Stabilisation policies with a fixed exchange rate			
	12.4. Managed floating and sterilised intervention			
	12.5. Reserve currencies in the world monetary system			
13. International Monetary Systems		2	2	
	13.1. Macroeconomic policy goals in an open economy			
	13.2. International macroeconomic policy under the gold standard, 1870-1914			
	13.3. The interwar years, 1918-1939			
	13.4. The Bretton Woods system and the International Monetary Fund			
	13.5. Pros and cons of floating exchange rates			
	13.6. Macroeconomic interdependence under a floating rate			
14. Optimum Currency Areas and the European Experience		2	2	
	14.1. Evolution of the European single currency			
	14.2. The euro and economic policy in the eurozone			
	14.3. The theory of optimum currency areas			
	14.4. The European sovereign debt crisis and its implications			
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

III. 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	20
1.2.	Test (mixed type questions)	2	40
	Total mid-term control:	3	60
2.	Final term control		
2.1.	Examination (test)	1	60
	Total final term control:	1	60
	Total for all types of control:	4	120

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Krugman, Paul R, Maurice Obstfeld, and Jacques Méltiz. *International Economics: Theory and Policy*. 9th ed. Harlow, Essex, UK: Pearson Education, 2012.

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. Kindleberger, Charles P.. *The World in Depression 1929-1939*. Rev ed. Berkeley and Los Angeles: University of California Press, 1986.
7. Linder, Staffan B. *An Essay on Trade and Transformation*. New York: John Wiley and Sons, 1961.
8. Mill, John S. *Principles of Political Economy*. London, 1848.
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. Ricardo, David. *On the Principles of Political Economy and Taxation*. London, 1821.
12. Salvatore, Dominick. *International Economics*. 9th ed., New York: J. Wiley, 2007
13. 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.
14. World Trade Organization. *World Trade Report*. Geneva: WTO, various years.
15. Shivarov, A., Diversity in Bulgarian foreign trade, *Izvestia, Journal of the Union of Scientists - Varna*, 63-71 (2014).