

Course Unit Title	International Political Economy
Course Unit Code	AFIE320
Type of course unit	Business Elective
Level of course unit	Bachelor (1 <sup>st</sup> Cycle)
Year of Study	3-4
Semester when the unit is delivered	6-7
Number of ECTS credits allocated	6
Name of lecturer(s)	Dr. Petia Tanova
Learning Outcomes of the course unit	<p>By the end of the course, the students should be able to:</p> <ol style="list-style-type: none"> <li>1. Comprehend the significance of absolute and comparative advantage in international trade and specialization</li> <li>2. Discuss the gains from trade vs. different kinds of trade restrictions.</li> <li>3. Critically evaluate conventional theories of international trade and foreign investment and debate free trade vs. protectionist policies.</li> <li>4. Evaluate the centrifugal and centripetal forces in the world economy and assess the impact of institutional differences on international trade and international business</li> <li>5. Familiarize with the theory of competitive advantage of nations and its applications.</li> <li>6. Measure and determine foreign exchange rates, analyse fixed and floating exchange rate mechanisms</li> <li>7. Examine how exchange rates are affected by fluctuations in economic growth, inflation, interest rates, and expectations.</li> <li>8. Explain the meaning of the Balance of payments and compare and contrast the effects of fixed versus flexible exchange rates on a nation's macroeconomic performance.</li> <li>9. Evaluate the effectiveness of macroeconomic policies under the conditions of the open economy. Applications of the IS-LM model.</li> <li>10. Understand and assess the theory of economic integration. Sssess the competences of the European Union. Critically evaluate advantages and disadvantages of the European monetary integration and debate the current economic problems of the eurozone.</li> </ol>
Mode of Delivery	Face-to-face

Prerequisites	ABSE203,ABSE204	Co-requisites	NONE
Recommended optional program components	NONE		
Course Contents	<p><b><i>I. Introduction to international trade</i></b></p> <p>The main economic questions from the perspective of international trade. The basis of international trade and the evolution of trade theory: absolute vs. comparative advantages. The terms of trade. The gains from trade.</p> <p><b><i>II. International trade policies</i></b></p> <p>Trade restrictions: tariffs and non-tariff barriers to trade. Graphical analysis and assessment. Free trade vs. protectionism. Strategic trade policies. The New protectionism: theories and evidence. International trade and economic development.</p> <p><b><i>III. International factor movements</i></b></p> <p>Theories of international factor movements: motives and welfare effects. The impact of institutional differences on international trade and investment. Types of international investments and their determinants. M. Porter's theory of competitive advantages of nations. J. Dunning's contribution to the theory of international investment and multinational corporations.</p> <p><b><i>IV. Understanding foreign exchange</i></b></p> <p>The foreign exchange market. Factors, determining foreign exchange rates fluctuations. Fixed versus floating exchange rates systems. The impact of foreign exchange fluctuations on economic activity.</p> <p><b><i>V. The Balance of Payments</i></b></p> <p>Balance of payments – definition and structure. The Foreign exchange market and the Balance of Payments. Accounting balances and disequilibrium in international transactions. The international monetary system.</p> <p><b><i>VI. Policies in the Open Economy</i></b></p> <p>The IS-LM model under the open economy. Effectiveness of fiscal and monetary policy under fixed and under floating exchange rates. Graphical analysis and applications. Effectiveness of macroeconomic policies under different international conditions.</p> <p><b><i>VII. Theory and practice of international economic integration</i></b></p> <p>The theory of economic integration. Stages of economic integration. Origins, evolution, and treaties of the European communities and the establishment of the European Union. Competencies of the EU and its institutions. Goals, instruments and subjects of the policies of the EU. Theory of monetary integration. The economic and monetary union.</p>		
Recommended and/or required reading:			
Textbooks	<ul style="list-style-type: none"> <li>• Salvatore D. International Economics, 12<sup>th</sup> Edition Prentice Hall</li> </ul>		

References	<ul style="list-style-type: none"> <li>Krugman P., &amp; Obstfeld., International Economics: Theory and Policy, 10<sup>th</sup> Edition, Pearson</li> </ul>								
Planned learning activities and teaching methods	<p><i>Ex cathedra</i> lectures and discussions in class, by means of traditional tools or using computer demonstrations. Some of the key issues are revealed on the basis of simulation games.</p> <p>Topic notes are compiled by students, during the lecture which serve to cover the main issues under consideration and can also be downloaded from the lecturer's webpage. Further literature search is encouraged by assigning students to identify a specific problem related to some issue, gather relevant scientific information about how others have addressed the problem and report this information in written or orally.</p> <p>Tutorial problems are also submitted as homework and these are solved during lectures or privately during lecturer's office hours.</p>								
Assessment methods and criteria	<table> <tr> <td>Final Exam</td> <td>60%</td> </tr> <tr> <td>2 Quizzes</td> <td>10%</td> </tr> <tr> <td>Mid-term</td> <td>20%</td> </tr> <tr> <td>Homework assignments and participation</td> <td>10%</td> </tr> </table>	Final Exam	60%	2 Quizzes	10%	Mid-term	20%	Homework assignments and participation	10%
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Language of instruction	English								
Work placement(s)	NO								