

Course Unit Title	International Economics		
Course Unit Code	ABSE280		
Type of course unit	Elective		
Level of course unit	Bachelor (1st 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, Dr. Bernard Musyk		
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"> 1. Understand the law of comparative advantage 2. Appraise the gains from trade and the terms of trade 3. Understand the factor endowment model of international trade 4. Assess the workings of trade restrictions and discuss arguments for and against protectionism. 5. Evaluate the centrifugal and centripetal forces in the world economy and assess the impact of institutional differences on international trade and international business 6. Examine how exchange rates are affected by fluctuations in economic growth, inflation, interest rates, and expectations. 7. 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. 8. Understand and assess the theory of economic integration and explain origins, evolution, and treaties of the European Union. 		
Mode of Delivery	Face-to-face		
Prerequisites	ABSE203,ABSE204	Co-requisites	NONE
Recommended optional program components	NONE		
Course Contents	<p>I. Introduction to international trade</p> <p>The basis of international trade and the evolution of trade theory: absolute vs. comparative advantages. The terms of trade. The gains from trade. International Trade and the Nation's Standard of living.</p> <p>II. The Heckscher – Ohlin model.</p> <p>Assumptions of the Theory. Factor Intensity, Factor Abundance, and the Shape of the Production Frontier. Heckscher – Ohlin Theorem. Neutral, Labour - Saving and Capital-Saving Growth and trade.</p> <p>III. Trade Restrictions</p> <p>Tariffs. Partial Equilibrium Analysis of a Tariff. Non-tariff Trade Barriers and the New Protectionism. Import Quotas and their effects on the economy.</p> <p>IV. International factor movements</p> <p>Theories of international factor movements: motives and welfare effects. Types of international investments and their determinants. M. Porter's theory of competitive advantages of nations. J. Dunning's contribution to the theory</p>		

	<p>of international investment and multinational corporations.</p> <p>V. Understanding foreign exchange</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>VI. The Balance of Payments</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>VII. Policies in the Open Economy</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>VIII. Theory and practice of international economic integration</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"> • Krugman P., & Obstfeld., International Economics: Theory and Policy, 10th Edition, Pearson 								
References	<ul style="list-style-type: none"> • Salvatore D. International Economics, 12th Edition Prentice Hall 								
Planned learning activities and teaching methods	The taught part of the course is delivered to the students by means of lectures and is further enriched through discussions, presentations and assignments								
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								