

## International Economics

Syllabus  
2018/2019

Instructor: Dr Meelis Kitsing  
Dates: 23.10-26.10.18

**Course objectives:** This course introduces students to the economic and political economy theories of International economics and their application to the real world.

**Course description:** Compare alternative theories of international trade • Analyze and test international trade models • Evaluate the impact of tariffs and non-tariff barriers • Identify the validity and efficiency of protectionist policies • Understand the impact of preferential trade arrangements • Read and analyze the nation's balance of payment • Understand how a foreign exchange market operates • Explain movements in the value of the U.S. dollar, Euro and other currencies in response to changes in the world economy and macroeconomic policies • Compare the exchange rate regimes and international monetary standards • Analyze international investment, banking, debt, and risk • Explain financial crises, their causes and solutions .

**Course outcome:** At the end of the course, students should be able to understand current international economic issues from different economic and political economy perspectives, and critically evaluate the policy options.

### Schedule:

<b>Date</b>	<b>Main topic and key themes</b>	<b>Required reading</b>
23.10	Introduction to International Economics. International Trade Theory: The Ricardian Model; The Heckscher-Ohlin Model; The Standard Trade Model. Economies of Scale, Imperfect Competition, and International Trade. Role of Multinational Firms.	Krugman-Obstfeld-Melitz, Chapters 1-8. Paul Krugman "What Do Undergrads Need To Know About Trade?" <a href="http://bernard.pitzer.edu/~lyamane/poptrade.html">http://bernard.pitzer.edu/~lyamane/poptrade.html</a> Ali-Yrkko et al "Who captures value in global supply chains" Journal of Industry, Competition and Trade 2011.
24.10	The Instruments of Trade Policy – Tariffs, Subsidies, and Quotas. Political Economy of Trade Policy.	Krugman-Obstfeld-Melitz, Chapters 9-12;
25.10	National Income Accounting and Balance of Payments. Exchange Rates and Foreign Exchange Market. Fixed Exchange Rates and Foreign Exchange Intervention. International Monetary System. Optimum Currency Areas. Financial Globalization and Crises.	Krugman-Obstfeld-Melitz, Chapters 13-15
26.10	International Monetary System. Optimum Currency Areas. Financial Globalization and Crises. Political Economy of Fiscal and Monetary Policy.	Krugman-Obstfeld-Melitz, Chapters 18-21 Reinhart and Rogoff 2008 and 2009. Robert Aliber, The next financial crisis <a href="https://www.youtube.com/watch?v=ZRZKJOYI1r0&amp;feature=youtu.be">https://www.youtube.com/watch?v=ZRZKJOYI1r0&amp;feature=youtu.be</a>

<b>Assignments:</b>	<b>Deadline</b>	<b>Share!</b>
Paper: Students have to write a case study on how international economic conditions, trade and/or monetary policies have impacted a particular country or countries. The length is 2000 words. Detailed instructions will be made available	05.11.18	80%
Presentation and participation and contribution to class discussions.		20%

**Required text:** Paul R. Krugman, Maurice Obstfeld and Marc Melitz "International Economics: Theory and Policy", 9th edition, Addison-Wesley, 2012 (available in the electronic format);

**Additional sources:** Markusen, Melvin, Kaempfer and Maskus "International Trade: Theory and Evidence", McGraw-Hill, 1996  
<http://spot.colorado.edu/~markusen/textbook.html>

Bhagwati, Jagdish N. "Lectures on international trade", MIT Press, 1983  
M. Burda & C. Wyplosz "Macroeconomics – A European Text" (3rd edition, 2001), (available at the EBS library);  
} Laurence Hoffman, Gerald Bradley, Calculus for Economics and Business,  
} The Economist ([www.economist.com](http://www.economist.com)),  
} Financial Times ([www.ft.com](http://www.ft.com)),  
} Business Week ([www.businessweekeurope.com](http://www.businessweekeurope.com)),  
} International Monetary Fund ([www.imf.org](http://www.imf.org)),  
} Worldbank ([www.worldbank.org](http://www.worldbank.org)),  
} Harvard Business Review ([www.hbr.org](http://www.hbr.org)),  
} The World Bank ([www.worldbank.org](http://www.worldbank.org)),  
} World Trade Organization ([www.wto.org](http://www.wto.org)),  
} Organization for Economic Co-Operation and Development ([www.oecd.org](http://www.oecd.org)),  
} European Central Bank (ECB) ([www.ecb.int](http://www.ecb.int)),  
} Library of Economics and Liberty ([www.econlib.org](http://www.econlib.org))

UN Comtrade Database  
<http://comtrade.un.org/>

The National Bureau of Economic Research  
<http://www.nber.org/>

The Munich Personal RePEc Archive  
<http://mpra.ub.uni-muenchen.de/>

Google Scholar  
<http://scholar.google.com/>

**Grading:**

- 91...100 A
- 81... 90 B
- 71... 80 C
- 61... 70 D
- 51... 60 E
- 0... 50 F

**Contact:** [meelis.kitsing@ebs.ee](mailto:meelis.kitsing@ebs.ee)