

# **COURSE OUTLINE**

Year: **2006/2007**

**LEVEL :** I, Term 2

**NAME OF THE SUBJECT:** International Economics

**NO. CREDITS:** 6

**NAME OF THE TEACHER:** Richard A. Powell

**SHORT CV OF THE TEACHER:**

## **Course Description:**

This course investigates and studies the main economic concepts, principles and theories that help to explain the structure and functioning of the modern international and global economy. The course content deals with the central themes of world economic growth and development; international trade and payments; exchange rate regimes; international factor mobility; capital flows and direct foreign investment; the arguments for and against free trade and protectionism; European economic integration; and the current debates about globalisation and global issues. This course builds on the Micro and Macro Economics taught at ESEI in the first two years.

## **Course Objective:**

By the end of this course, students should be better prepared and able to understand the major issues and problems facing the international economy. Students should be able to understand the economic principles and theories underlying international trade and policy. They should be able to apply this knowledge and understanding to make informed economic judgements and opinions about all aspects of international trade, the international institutions involved in trade and foreign exchange, and the world monetary system and exchange rates.

## **Course Structure:**

- Basic theories of international trade: absolute advantage and opportunity costs
- Comparative advantage – Ricardian theory
- Specific factors and the Heckscher-Ohlin models of international trade
- Economies of scale, imperfect competition and international trade
- International factor mobility – labour and capital – effects on trade
- Instruments of trade policy – tariffs and subsidies
- The welfare effects of trade tariffs
- Arguments for and against free trade
- Trade protectionism; trade and developing countries
- Trade policy in industrialised countries; multi-national corporations and international trade
- International trade institutions and trade agreements (WTO, G7 and G8, etc)
- International financial institutions (IMF, World Bank, etc)
- National income and the balance of payments – international payments
- Exchange rate regimes: fixed rates and floating (variable) exchange rates
- International monetary system and international payments
- European Union and other free trade areas
- The global economy
- Definitions and meanings of globalisation

A weekly coursework assignment will be set according to the timetable and list given to students at the beginning of the course.

Course Textbook: **Global Economics**, Richard A. Powell, 2005. (Available from ESEI Office and Administration.)