



INTERNATIONAL ECONOMICS

<i>COURSE LEADER</i>	Donal PALCIC, visiting professor from University of Limerick. (Ireland) https://www.ul.ie/business/kbs-staff/dr-donal-palcic
<i>COURSE DESCRIPTION</i>	<p>This course introduces some of the main concepts and methods of international economics and illustrates them with applications drawn from the real world. The first half of the course deals with international trade and policy and looks at issues such as the gains from trade and the effects of trade on welfare and income distribution. This part of the course also reviews the development of the European Union's single market and the trade issues raised by Brexit. It also focuses on the links between globalisation and climate change. The second half of the course covers international macroeconomics issues. This part of the course starts with an overview of national income accounting and the balance of payments in order to understand how countries can run large current account surpluses or deficits. We then focus on exchange rates, interest rates and international transactions and examine the various forms of exchange rate regimes. We finish with a discussion of optimum currency areas and the European experience with the creation of the Euro.</p>
<i>COURSE OBJECTIVES</i>	<p>Upon completion of the module you should be able to:</p> <ul style="list-style-type: none">• Understand some basic trade theory and concepts• Discuss the impact of globalisation on income distribution and the environment• Describe the various stages of European economic integration• Describe the links between money markets, interest rates and exchange rates• Understand the concept of optimum currency areas
<i>COURSE TOPICS</i>	<p>Trade theory and policy Economic integration and globalisation Money, interest rates, and exchange rates Optimum currency areas</p>
<i>LEARNING METHODS</i>	<p>Lectures and an exam</p>
<i>EVALUATION</i>	<p>Final exam (100%)</p>
<i>NUMBER OF CREDITS</i>	<p>4 ECTS; 2 US</p>
<i>BIBLIOGRAPHY / COURSE MATERIAL</i>	<p>Books Krugman, P., Obstfeld, M. and M. Melitz (2018) International Economics: Theory and Policy, Pearson, 11th ed. Salvatore, D. (2012) Introduction to International Economics, Wiley, 3rd ed.</p>
<i>COURSE SCHEDULE</i>	<p>6 sessions. Lectures and case studies</p> <p>Session 1 - World trade: an overview</p> <ul style="list-style-type: none">• Who trades with whom?• The changing pattern of world trade <p>Session 2 - International trade theory and policy</p> <ul style="list-style-type: none">• The concept of comparative advantage• Trade creation and trade diversion• Different forms of economic integration• The EU's single market and Brexit <p>Session 3 - Controversies in trade policy</p> <ul style="list-style-type: none">• Globalisation and low-wage labour• Globalisation and the environment <p>Session 4 - Exchange rates and open-economy macroeconomics</p> <ul style="list-style-type: none">• National income accounts• Balance of payments• Exchange rates and international transactions <p>Session 5 - Money, interest rates, and exchange rates</p> <ul style="list-style-type: none">• Demand and supply for money• Money supply, the price level and exchange rates in the short versus long run• Inflation and exchange rate dynamics <p>Session 6 - Exchange rate regimes</p> <ul style="list-style-type: none">• Fixed exchange rates and foreign exchange intervention• The Euro and economic policy in the Eurozone• Optimum Currency Area (OCA) theory