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**Course:            International Economics (BA Economics / Business Admin)**

**Part I International Production and Trade (7.5 Sessions)**

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|----------------------|--|
| 07.10.2019           | 1. Patterns of International Trade   |
| 14.10.2019           | 2. Patterns of Trade – Technology and Ricardo                                  |
| 21.10.2019           | 3. The Basic Trade model: Specific Factors Model – (Short-run)                 |
| 28.10.2019           | 4. New Explanations for International Trade – IIT                              |
| <b>Make-up class</b> | 5. New Explanations for International Trade – Productivity ( <b>Time TBA</b> ) |
| 04.11.2019           | 6. Tariffs and other forms of Protection under perfect competition             |
| 11.11.2019           | 7. International Movement of Labor and Capital - an aside into Outsourcing     |
| 18.11.2019           | Midterm Exam (90 minutes allotted)   |

**Part II International Monetary Economics (8 Sessions)**

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|------------|---|
| 25.11.2019 | 8. The Composition of the Balance of Payments                       |
| 02.12.2019 | 9. A Variety of Exchange Rates                                      |
| 09.12.2019 | 10. The Rise and Fall of the Bretton Woods System                   |
| 16.12.2019 | 11. Exchange Rate Misalignments and the Search for Stability        |
| 06.01.2020 | 12. The European Monetary Co-operation                              |
| 13.01.2020 | 13. The European Monetary Union                                     |
| 20.01.2020 | 14. The International Monetary Architecture                         |
| 27.01.2020 | 15. Second exam, review of first exam; review of oral contributions |

### **Office Hours Prof. Dr. Metzger**

#### **Office B.430**

Until November: Fridays, 10:30-11:30 am

Post-1 December: Thursdays, 4:00-5:00 pm

### **Office Hours Prof. Dr. Pédussel Wu**

#### **Office B.103**

Until November: Tuesdays, 4:00-5:00 pm

Post-1 December: Tuesdays, 2:00-3:00 pm (or by appointment)

### **Readings**

The primary texts for this course will be the following, but any international economics textbook will cover the topics covered in this class. We will periodically provide you with the PPPs, hand out (or post in Moodle) exercises and/or additional readings, including a Reader on International Monetary Economics.

Feenstra, R.C., Taylor, A.M. (2014), *International Economics*, New York: Worth Macmillan, third edition.

Krugman, P.R., Obstfeld, M., *International Economics: Theory and Policy*. Boston et.al: Addison-Wesley, several editions.

Mitchell, W., Wray, L.R, Watts, M. (2019), *Macroeconomics*, London: Red Globe Press / Macmillan International Higher Education, 1<sup>st</sup> edition.

Reinert, K.A. (2012), *An Introduction to International Economics: New Perspectives on the World Economy*. Cambridge: Cambridge University Press.

Other texts are also fine. Please check with us before using one which is not listed here.

Appleyard, Field and Cobb, *International Economics*, McGraw Hill, 2010

*International Economics*, Pugel, Edition 14, McGraw-Hill

There are also several websites which are good general references:

<http://fx.sauder.ubc.ca/trends.html>

[http://www.wto.org/english/res\\_e/statis\\_e/statis\\_e.htm](http://www.wto.org/english/res_e/statis_e/statis_e.htm)

<http://ocw.mit.edu/OcwWeb/Economics/14-581Spring-2007/Readings/>

<http://internationalecon.com/Trade/tradehome.php>

<https://www.imf.org/external/index.htm>

<https://www.ecb.europa.eu/home/html/index.en.html>

<https://ec.europa.eu/eurostat>

### **Course Objectives**

This course is team taught and examines international economic policy through the use of economic tools. The goal of this course is to provide students with an overview of basics, specific features, characteristics and functioning of the international economy, international trade and monetary relations and the corresponding supranational and international organisations. We will attempt to develop a coherent framework with which to examine current international economic policy questions. In doing so, the student should be able to critically evaluate everyday events which they read in the newspapers.

We begin by developing the theory of comparative advantage to explain why nations trade. The question of who loses and who gains from trade is addressed. Tariffs, quotas and other types of economic protection are examined. We will also examine the role of trade blocs such as the European Union. In the second part of the course we will make ourselves familiar with the structure and proposition of the balance of payments within the overall system of national accounting and the relevance of the current account for domestic production and employment as well as the international investment position. Further, we will examine several selected examples of global and regional exchange rate regimes such as the Bretton Woods System, European Monetary System, the European Monetary Union) and unilateral flexible exchange rates (e.g. US dollar after Bretton Woods; euro since its invention). In this context we discuss national money, international functions of money and the evolution of world currencies.

### **Teaching**

The weekly class meetings (4 x 45min) should be as interactive as possible. Every week there will be an input by the professor, inputs by students on the country of their choice and group work of students. The professor will provide an overview of the basics and stylized facts of international economics.

Furthermore, exercise sheets should be prepared at home and discussed in sub-groups during our course. The exercise sheets refer mainly to the reader. They serve to repeat the major concepts and approaches in international economics and encourage the application of the knowledge on new case studies. In a concluding part the solutions of the exercise sheets will be discussed and summed-up in class. Please mind, that *you will have not the time to read the articles during our sessions.*

### **Grading and Requirements (5 ECTS)**

You are required to prepare and attend classes, prepare a presentation and write two exams during the course, one of which will take place mid-term and one exam at the end of the term. The grading will be divided between the oral presentation (20%), the exam on Part I (40%) and the exam on Part II (40%). The **exam on Part I** will take place on **18 November 2019**, while the **exam covering Part II** will take place on **27 January 2020**, each of about 75 minutes.

The **oral component** (10% from each part of the class) will consist of short oral presentations, in class, of assigned homework – the assignment of which also takes place in class (and is posted on Moodle following the class period, but not before). Therefore, classroom participation is essential. Please complete readings before coming to class. This will allow for greater discussion of important topics. On **20 January 2020** students have to **submit their collected wisdom of the country of their choice**. Students need to submit their summary in a pdf-file plus excel sheets for data used, including complete and comprehensive references for all sources.