Identification	**Department**	Economics and Management	
	Program	Undergraduate	
	Subject	ECON 390: World Economy- 3KU/6ECTS credits	
	Term	Fall, 2017	
	Instructor	Şəhriyar Əliyev	
	Classroom/hours	Thursday 18:30-21:00, Room 302N	
Prerequisites	ECON 202 Principles of Macroeconomics		
Language	English		
Compulsory/Elective	Compulsory		
Text books and course materials	**MAIN TEXTBOOK:** James Gerber, "International Economics", 7th Edition (or earlier 6e. – 2013), Pearson Publication, 2017. **SUPPLEMENTARY MATERIALS:** **International Economics: Theory and Policy** by Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz, 10th edition, Pearson Higher Education, 2014. **An Economics History of Twentieth-Century Europe: Economic regimes from Laissez Faire to Globalization** by Ivan T. Berend, 2nd edition, Cambridge University Pres , 2016. **"Economics"** by David Begg, Stanley Fischer, Rudiger Dornbusch, 9th edition, McGraw-Hill, 2008.		
Teaching methods	**Case analysis**		X
	Group discussion		X
	Lab		
	Lecture		X
	Course paper		X
	Problem Solving		
	Others		
Evaluation Criteria	**Methods**	**Date/deadlines**	**Percentage (%)**
	Midterm Exam	02.11.2017	30
	Case studies		
	Activity		5
	Class Attendance		5
	Quizzes & Assignments	26.10.2017 30.11.2017	10 (2 quizzes)
	Project/Essay (Country Report- presentation)	21.12.2017	15
	Laboratory Work		
	Final Exam		35
	Activity		
	Total		100
Course objectives	This course is designed to provide students with overview of fundamental concepts and processes in World Economy. By the end of the course the students will be equipped with skills and tools necessary to understand and analyze contemporary international macroeconomic and financial issues, policies and events. During this module students will discuss variety of topics including: global trade and current trends, exchange rates and monetary unions, development and its current challenges. Thus the students will be able to apply theories and concepts learned to the real world economic developments. Following activities will be involved to enhance students' writing skills and assess knowledge acquisition continuously:		
Course outline	The course is conceptually divided into four parts: - Globalization and its Influences - Innovation Strategy and Management - Trade models and theories; - International Production; Intra and inter-industry (firm) trade; - International Finance and International Monetary system - International Development. - MENA Region Economics We will cover basic classical and modern trade theories, patterns of international specialization and real and financial exchange, trade policy, government interventions etc. A particular attention will be paid to the relevant contemporary problems in developing		

	countries. We will further look at the international production patterns and consequences of labor movement. Main macroeconomic relationships and the influence of prices, interest rates and exchange rates GDP, inflation and unemployment will also be covered. Applying these to an open economy we will discuss also exchange rates, currency trading and the global monetary system, fixed and floating exchange regimes.
Learning outcomes	By the end of this course students will develop the tools necessary to analyze contemporary economic events with reference to fundamental principles of economics. Particularly the will have knowledge to determine the impacts of trade barriers on domestic and foreign markets; apply trade theories on current international economic relations; analyze current cases of international movement of goods, services and factors; understand major international monetary issues. Students will further develop their knowledge of macroeconomics (such as gains from trade and specialization) and microeconomics (intersection of national and international goods and financial markets) and learn to discuss them from the international economic relations perspective.

Tentative Schedule

Week	Date	Topics	Textbook/Assignments
1	21.09.2017	- **Globalization and Influences:** Positive and Negative effects of Globalization Technological, cultural, business and science globalization.	James Gerber, **International Economics**. 6th Edition, 2013.
2	28.09.2017	**Theories of International Trade** - Absolute advantage - Comparative advantage - Ricardian Model: Comparative advantage; - Trade in Ricardian world: determination of international terms of trade, complete specialization, gains from trade.	James Gerber, **International Economics**. 6th Edition, 2013.
3	05.10.2017	**Theories of International Trade** - Heckscher-Ohlin Model in International Trade - Trade and factors of production; - The role of specific factors. - The Standard Trade Model	James Gerber, **International Economics**. 6th Edition, 2013.
4	12.10.2017	**International Labor Mobility** - Models of International Trade under Imperfect Competition - Monopolistic Competition and Trade.	James Gerber, **International Economics**. 6th Edition, 2013.
5	19.10.2017	**Trade Policy Analysis** - Trade Policy measures: cost-increasing; tax-like; quantitative; government procurements; Tariffs, quotas, effects on terms of trade.	James Gerber, **International Economics**. 6th Edition, 2013.
6	26.10.2017	**International Production** **Foreign Market Entry, FDI and Intra-Firm Trade** - Foreign market entry, export contracts, investment policies; - Motivations for international production; - Choices on entry modes; - Multinationals and international production; - Value chains and global production networks; - Internalization in firm assets; Intra-firm trade. **Quiz1**	James Gerber, **International Economics**. 6th Edition, 2013.
7	02.11.2017	**MIDTERM EXAM**	
8	09.11.2017	**Holiday**	
9	16.11.2017	**International Finance** **GDP composition/ National Accounting Frameworks** - Gross Domestic and National Income calculation and	James Gerber, **International Economics**. 6th Edition, 2013.

		Balance of Payments Accounts; - Open and closed economy; - Circular Flow Diagram; - Global imbalances in BoP accounts.	
10	23.11.2017	**Exchange Rates; Purchasing Power Parity** - Nominal Exchange Rate; - Real Exchange Rate; - Purchasing Power Parity; - Trade flows and Exchange Rates; - Hedging; Forex Derivatives.	James Gerber, **International Economics**. 6th Edition, 2013.
11	30.11.2017	**Fixed and Flexible Exchange Rates** - Exchange rate in international transactions, foreign exchange markets, Assets in the foreign exchange markets; - Trade and asset based models of flexible exchange rates; - Interest rates, expectations, and exchange rates; - Alternative Exchange Rate regimes; - Fixed Exchange Rate Models; - Interest rate and fixed exchange rates. **Quiz 2**	James Gerber, **International Economics**. 6th Edition, 2013.
12	07.12.2017	**Crises and responses to crises** - Types of crisis; - Overview of the crisis history/patterns in global economy - Responses to crisis;	James Gerber, **International Economics**. 6th Edition, 2013.
13	14.12.2017	**Monetary Unions** - European Monetary Union and the Financial Crisis; - EU and the Greek Crisis.	James Gerber, **International Economics**. 6th Edition, 2013.
15	21.12.2017	**Middle East and North Africa Region economics** - Oil Curse Theory - Development vs Growth in Oil producing countries - **Project**	Michael Ross, Oil Curse, 2012. Chapters 2-3.
		- **FINAL EXAM**	