

Identification	Department	Economics and Management -3KU credits (6 ECTS credits)	
	Program	Undergraduate	
	Subject	ECON 390 World Economy	
	Term	Fall, 2019	
	Instructor	Nijat Guliyev, n.guliyev@iset.ge	
	Classroom/hours	41 Mehseti street (Nefitchilar campus), Khazar University, Thursday 18:30-21:00, Room 303N	
Prerequisites	ECON 202 Principles of Macroeconomics		
Language	English		
Compulsory/Elective	Compulsory		
Text books and course materials	<p>MAIN TEXTBOOK:</p> <p>An Introduction to international economics: New Perspectives on the World Economy by Kenneth A. Reinert, 2012.</p> <p>SUPPLEMENTARY MATERIALS:</p> <p>International Economics: Theory and Policy by Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz, 9th edition, 2012;</p>		
Teaching methods	Case analysis		X
	Group discussion		
	Lab		
	Lecture		X
	Group work		X
	Problem Solving		X
	Others		
Evaluation Criteria	Methods	Date/deadlines	Percentage (%)
	Midterm Exam	07.11.19	30
	Class Activity		5
	Class Attendance		5
	Quizzes & Assignments	31.10.19 19.12.19	10 (2 quizzes)
	Group work (Country Report- presentation)	Schedule of presentations will be determined during the course	10
	Laboratory Work		
	Final Exam		40
	Total		100
Course objectives	<p>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.</p> <p>Following activities will be involved to enhance students' writing skills and assess knowledge acquisition continuously:</p> <p>Country Report (Project/ Essay): Students will be divided in groups consisting of three to four members in order to conduct rigorous economic assessment of given countries. Analysis will consist of four aspects: 1) General economic overview: economic performance; fiscal and monetary policies. 2) Trade relations: bilateral exports of the country with three largest trade partners; Determine in which industries your country has a comparative advantage and explain the reasons behind 3) Economic integration processes your country is involved into 4) latest economic news from your country and analysis of its further economic implications. Extra points will be given for team work and presentation quality.</p> <p>One of the methods for assessing the knowledge gained during the course is country report. The students will be split into groups consisting of at least 2 and at most 4 students. Each group will be assigned a country and a product produced in this country (the groups are also free to choose the country and the product). The groups will conduct detailed analysis of the economy of the selected country from international economics perspective. Particular</p>		

	<p>attention should be given to trade relations of the country, main trade partners, analysis of the balance of payments and exchange rate regime, information on most important economic indicators especially those characterizing the development level of the country.</p> <p>The report should include both essay and presentation. The students will present the presentation and submit the report online or in hard copy. Each member of the group should participate in the presentation. The final grade of the project will be given according to overall quality of the essay and the presentation, while 20 percent of the final grade will be based on the individual presentations.</p> <p>The group project should be an original work. Issues on plagiarism will be treated according to the respective rules of the University. No more than one chance will be given to the students to correct plagiarism issues. Otherwise the grade from the project will be considered zero.</p> <p>There will be 2 quizzes during the course, three of which is required for evaluation.</p>		
Course outline	<p>The course is conceptually divided into four parts:</p> <ul style="list-style-type: none"> - Trade models and theories; - International Production; Intra and inter-industry (firm) trade; - International Finance and International Monetary system - International Development. <p>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.</p>		
Learning outcomes	<p>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 they will have gained 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.</p>		
Tentative Schedule			
Week	Date	Topics	Textbook/Assignments
1	19.09.19	<p>Introduction into International Economics. Brief overview of the history of International Economics.</p> <ul style="list-style-type: none"> - Windows on the world economy - What is international economics about 	K. Reinert, Chapters 1 Krugman P., 2012. Ch1-2
2	26.09.19	<p>International Trade</p> <ul style="list-style-type: none"> - Absolute advantage - Comparative advantage 	K. Reinert, Chapters 2 and 3
3	03.10.19	<p>Political Economy of trade</p> <ul style="list-style-type: none"> - Trade between and within industries and its organization; - Global patterns of intra-industry (capital goods market) trade; - Approaches/theories to political economy of trade; 	K. Reinert , Chapters 4 and 5;

		- Trade and factors of production;	
4	10.10.19	- Global and bilateral trade agreements - The World Trade Organization - Preferential Trade Agreements	K. Reinert , Chapters 7 & 8
5	17.10.19	Trade Policy in Developing Countries - Import- Substituting industrialization - Export-Oriented Industrialization	Krugman P., 2012. Ch-11
6	24.10.19	Trade Policy Analysis - Trade Policy measures: cost-increasing; tax-like; quantitative; government procurements; - Tariffs, quotas, effects on terms of trade.	K. Reinert, Chapter 6
7	31.10.19	Section 2: International Production Foreign Market Entry, FDI and Intra-Firm Trade - Foreign market entry, export contracts, investment policies; - Multinationals and international production; - Intra-firm trade. Quiz 1	K. Reinert, Chapters 9 and 10
8	07.11.19	MIDTERM EXAM	
9	14.11.19	Section 3: International Finance GDP composition/ National Accounting Frameworks - Gross Domestic and National Income calculation and Balance of Payments Accounts; - Open and closed economy; - Circular Flow Diagram; - Global imbalances in BoP accounts.	K. Reinert, Chapter 13
10	21.11.19	Exchange Rates; Purchasing Power Parity - Nominal Exchange Rate; - Real Exchange Rate; - Purchasing Power Parity; - Trade flows and Exchange Rates;	K. Reinert, Chapter 14
11	28.11.19	Fixed and Flexible Exchange Rates - 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.	K. Reinert, Chapter 16
12	05.12.19	Crises and responses to crises - Types of crisis; - Overview of the crisis history/patterns in global economy - Responses to crisis;	K. Reinert, Chapters 18 and 19
13	12.12.19	Monetary Unions - European Monetary Union and the Financial Crisis; - EU and the Greek Crisis.	K. Reinert, Chapter 19
14	19.12.19	Section 4: International Development Development Concepts/ Growth and development - Defining development; - Development and Growth; - Growth vs Inequality Quiz 2	K. Reinert, Chapter 20 and 21
	26.12.19	Revision	
15		- FINAL EXAM	