

## McDaniel College Budapest

### ECO 3304 -- International Economics

2017 Fall semester

**Professors: Zoltán Sipos and Gábor Antal**

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**Availability:** both professors are available shortly before and after the lectures, or by individual appointments.

**Credits: 4**

**Classes held :** Tuesday, 8.30—10.00, room 224

Wednesday, 4.30—6.00, room 224

**Course description:** The aim of this course is to acquaint students with the most important terms, theoretical approaches, methods of calculation, institutions, and legal framework of international economic operations, covering the issues of trade and trade policies, international division of labour, principles of specialization, international flow of capital, labour force, and services, and the international economic integration.

In part two, the course discusses the problems of international financial intermediation, beginning on the general theoretical level, defining money, its exchange rate, domestic purchasing power, institutions of international financial intermediation (central banks, commercial banks, international financial institutions) and, rudimentarily with their theoretical background. It shows the role and importance of the aforementioned relations and institutions in the process of globalization.

### **Course objectives:**

- Familiarize students with the nature of international economic relations, where human action, will and act of other countries and global problems create obstacles and risks for economic decisions,
- Examine the history and development of institutions of international trade and financial systems,
- Consider the major dilemmas of globalization and challenges related to factor movements in international context,
- Prepare the students for international negotiations, providing a background information on the major stakeholders and interest groups in the global economy.
- Familiarize students with the most applicable analytical tools in international trade and investment processes.

### **Learning outcomes**

- Students will gain understanding of global economic developments, global conflicts and problems in the economy.
- Students will have an insight to the institutional framework directing the global economic system,
- They will gain knowledge of theory and some practical implications of

commodity, product and services trade, and labour and capital movements internationally, including the theory and practice of international economic integration. The European Union is a basic example in the discussions.

Learning outcomes of the course include the students' skills development in terms of critical thinking, research and interpretation skills, negotiation and discussion skills, and a more organic and responsible way of thinking about global citizenship.

**Text and materials:**

Thomas A. Pugel : International Economics. Sixteenth, international edition, McGraw-Hill., plus lecture materials, handouts.

**Evaluation and grading:**

Class participation 10%

Midterm exam 20%

Final exam 50%

Individual assignments 20%. Announced in the class.

General grading policy of McDaniel College will be followed.

**Honor Code**

You are expected to adhere completely to the McDaniel College academic honor code, with a serious risk of deteriorating your grade in case of any violation.

## Course Policies

In- class participation, asking questions and discuss problems critically is encouraged. Absence is allowed 3 times; any un-excused absence after that, may result minus one grade of your final grade. Please do not be late, follow the lectures with attention and do not share your attention by internet surfing or using cellular phones.

## Schedule of topics and lectures:

1. 5.-6. September: Introduction to and outlining of international economics. Culture as a major environmental element of international economics. Chapter 1. and lecture materials.
2. 12-13. Sept. : Introducing theories of international trade. Chapters 2., 3., 4.
3. 19-20. Sept.: Motivations, gains and losses in international trade. Scale economies, imperfect competition and trade. Chapters 5. and 6. (Gábor Antal)
4. 26-27. Sept.: Trade policies. Measures and techniques of protectionism. Tariffs and tariff policies. International economic integration. Chapters 7., 8., 9.
5. 3-4. October: The European Union, its development and institutional structure. Different policies of the EU. Chapters 10., 11., 12.
6. 10.-11. October: New liberalism after WW II. Institutions of a new economic and monetary order. Development of institutional system. International economic conflicts. Globalization and regional development. Lecture materials and discussions.
7. 17-18. October: Summary, consulting and midterm exam.
8. 25-31. October: The economics of exchange rates. Exchange rate effects and policies. Fixed and floating exchange rates. Chapters 16., 17., 18. (Gábor Antal)
9. 7-8. November: Fixed and floating exchange rates, continued. Trade policies for open economies. Internal and external balance. Small

countries and big countries, openness and vulnerability. Chapters 19., 20. (Gábor Antal)

10. 14 – 15. November: Factor movements in the world economy: labour, skilled labour, wages, social nets, migration. Multinational corporations. Externalities, like environmental issues and the problems of developing countries. Discussion session. Chapters 13., 14., 15.
11. 21-22 Nov.: Problems with the free flow of capital in the global economy. The lending crisis. International investments. Advantages and disadvantages for the host country. Capital attracting capacities. Applications of rate of exchange policies. Home assignment. Chapters 21., 22., 23.
12. 28-29. Nov.: International economic crisis: a challenge for economic policy. Global attempts to solve problems. Floating and fixed exchange rates in helping adjustment policies. Chapters 24., 25.
13. 5-6. December: Final consulting and probationary exams. Presentations.
14. 12-13. December: Final exam week.

12. 09. 2017.

Prof. Zoltan Sipos