

INTERNATIONAL ECONOMICS AND TRADE

Course code	<i>ECO121</i>
Course title	<i>International Economics and Trade</i>
Type of course	<i>Main</i>
Study level	<i>1st</i>
Department	<i>Bachelor Studies</i>
Year of study	<i>2nd</i>
Semester	<i>Spring</i>
Credits	<i>6: 24 hrs. lectures, 24 hrs. practice, 112 hours of self-study, 2 hours of consultations</i>
Lecturers	<i>Assoc Prof. Dr. Maik Huettinger; Dokt. Aras Zirgulis</i>
Study form	<i>Full-time</i>
Courses to have prior this course	<i>Microeconomics, Macroeconomics</i>
Course language	<i>English</i>

ANNOTATION

This course is an introduction into the contemporary debate on the changing patterns of the international economy and challenges the world is facing. The course deals with three major aspects of the global economy, firstly the trans-national economic flows, such as trade in goods and services, migration, financial transactions and investment. The problems are discussed before the background of international micro- and macro-economy. The aspects covered are balance of payments dynamics, exchange rate regimes, national income accounting, terms of trade, etc. Secondly the course deals with the downsides of economic globalisation such as the underlying reasons for crises and their effects on the economy, poverty and environmental degradation. Thirdly the course looks at the actors in the global economy: international organizations, national governments, non-governmental organisations, multinational corporations and regional integration initiatives. Hereby the motives, interest and interaction of the actors is scrutinised and furthermore the development of the global economic governance system is discussed.

AIMS OF THE COURSE

The *International Economics and Trade* course aims to equip students with necessary analytical tools for analyzing and critically assessing the current dynamics of the international economy and challenges the nation states face in their pursuit of economic welfare. In particular, this course aims to:

Subject learning outcomes (SLO)	Study methods	Assessment methods
SLO1. Introduce students to various conceptualizations and theories of (economic) globalization phenomena	Lectures, seminars, individual study, self-study in groups	Midterm test, coursework/presentation
SLO2. Analyze global trade and finance governance structures and assess their policies and role in international economics	Lectures, seminars, solving exercises, self-study	Midterm test, final exam
SLO3. Examine strategies and techniques of trans-national corporations in global economy	Lectures, seminars, solving exercises, self-study	Midterm test, final exam
SLO4. Discuss the key issues and future challenges for the globalized world economy of the 21st century.	Lectures, seminars, solving exercises, self-study	Midterm test, coursework/presentation, final exam
SLO5. Identify and exemplify causes and consequences of change in international labour, trade and financial flows;	Lectures, seminars, solving exercises, self-study	Midterm test, final exam
SLO6. Provide the underpinnings of the global financial system	Lectures, seminars, solving exercises, self-study	Midterm test, final exam
SLO7. Discuss the causes and policy actions surrounding economic crises.	Lectures, seminars, solving exercises, self-study	Midterm test, coursework/presentation, final exam
SLO8. Give an oral presentation on a selected topic on International economics & trade	Lectures, seminars, solving exercises, self-study	Midterm test, coursework/presentation, final exam

LEARNING METHODS

The course is entirely taught in English and designed to achieve its aims through a combination of lectures and interactive seminars, including oral group presentations and data analysis. Seminars and lectures are designed to encourage active participation, co-operative and creative work, interactive communication and critical thinking.

Lecture	TOPIC	IN-CLASS HOURS		READINGS
		Lecture	Seminar	
Week 1 MH	Introductory Course (Module aims, structure, requirements, assessment criteria, reading list) Globalization and the New World Economic Order: Understanding Different Theoretical Lenses	2		-
Week 2 AZ	International Trade I The standard trade model including Heckscher-Ohlin and Ricardian comparative advantage	2	2	Krugman & Obstfeld (8 th ed.) Chapter 4 (9 th ed.) Chapter 5
Week 3 MH	The Shifting Contours and Drivers of the Global Economy I Questioning “Globalization”, the changing global economic map, developments of the geo-economy, spatial agglomeration	2	2	Dicken, Chapter 1-2, (only selected materials)
Week 4 AZ	International Trade II Overview of global trade due to economies of scale and imperfect global competition.	2	2	Krugman & Obstfeld, (8 th ed.) Chapter 6 (9 th ed.) Chapters 7,8
- MH	Mid-term Mid term exam & Exam review		2	
Week 5 AZ	Balance of Payments Current account balance & foreign debt; change of financial flows; global imbalances and crisis.	2	2	Krugman & Obstfeld (8 th ed.) Chapter 12 (9 th ed.) Chapter 13
Week 6 MH	The Shifting Contours and Drivers of the Global Economy II The role of states in a globalized world, spatial agglomeration, patterns of state behaviour,	2	2	Dicken, Chapter 3, 5, 6, (only selected materials)
Week 7 MH	Winners and Losers of a Global Economy <i>Globalization failures, anti-globalization campaigns & solutions, World inequality and poverty: definitions, current figures & trends</i>	2	2	Dicken, Chapter 14 – 17, (only selected materials)
Week 8 AZ	Foreign Direct Investment and Factor Movements FDI flow and trends, barriers to FDI, up- and downsides of delocalisation and outsourcing, international tax competition and FDI.	2	2	Krugman & Obstfeld, (8 th ed.) Chapter 7 (9 th ed.) Chapter 8
Week 9 AZ	International Monetary System and Policy History of the International Monetary System and the different policy options open to governments.	2	2	Krugman & Obstfeld, (8 th ed.) Chapters 18,19 (9 th ed.) Chapter 19
Week 10 MH	The Global Clothing Industry Changing patterns in the clothing and the food sector, regulation vs. liberalization, corporate strategies in production	2	2	Dicken, Chapter 10, Rivoli,
Week 11 AZ	The Rise of Emerging Markets & Financial Crisis Issues facing emerging markets and how the rise of these markets has affected the rest of the world; Global financial capital market, regional emerging markets crises, global financial and economic crisis	2	2	Krugman & Obstfeld, (8 th ed.) Chapter 22 (9 th ed.) Chapter 21,22
Week 12 MH	The Automobile Industry Changing patterns in the car sector, regionalization of production networks	2	2	Dicken, Chapter 11
	Total hours (for each group):60	24	24	

COURSE REQUIREMENTS

1. The **final exam** will account for **50%** of the final grade. The final exam will include topics **after session 4**. All the materials that were covered during the lectures and seminars are relevant for the mid-term exam (including the articles presented by students).
2. The **mid-term test (25%)** will include the topics **before session 5**. All the materials that were covered during the lectures and seminars are relevant for the mid-term exam (including the articles presented by students).
3. **Presentation grade (25%)**. Students will be asked to present a selected paper. The paper will be chosen and provided by the instructors – minimum 5 days in advance. The presentations will take place during the seminars. Students will be assessed according to various criteria that will be presented at the first lecture. Details about the grading and the presentation scope will be presented on the first day of the lectures. **Students who are active during class discussions may receive bonus points for the presentation. The grades of the presentation will therefore be announced at the end of the course (together with the final exam grade).**

TYPE	TOTAL HOURS	EVALUATION, %
Presentation grade	30	25
Mid-term test	27	25
Final exam	55	50
Total:	112	100

REMARKS

- A. Students will be informed in advance, which cases have to be read (prepared) for the following case-study discussions. Students will have minimum 5 days time to prepare. **Reading the case studies for the class discussion is obligatory.** The lecturer will ensure that the students have access to all case studies. Attendance and participation in the lectures and seminars is obligatory.
- B. If final (cumulative) mark of the course, including final exam score, is insufficient, students will be allowed to exercise their **right of retake**. The retake exam will cover all lectures and case-discussion topics discussed in class during the course. It will be held during the last week of the exam session and **will replace the 75% of exams (mid-term and final)**. Acquired scores from all assignments will be summed up and the final (cumulative) grade will be given. The lecturer reserves the right to choose the form of the exam (multiple choice/ open answer questions/ essay).
- C. Specific rules apply in the case of in-class presentations.
 - a. In case of serious reasons, students may be allowed to switch with another student. Students are responsible for making the changes themselves and inform the lecturer in advance.
 - b. Students now showing up for the presentation will get a 0 (zero) for this interim assignment.

LITERATURE

Obligatory readings:

1. Krugman, P. R. and Obstfeld, M. International Economics. Theory and Policy. – 8th or 9th ed. -, Pearson Addison Wesley. (*ISM-Vilnius library*)
2. Dicken, P. Global Shift. Transforming the World Economy. – 6th ed. –, London: Paul Chapman Publishing, 2011. (*ISM-Vilnius library*)

Optional readings:

1. Winters, L. A. and Yusuf, S. (eds.) *Dancing with Giants, The World Bank, 2007. (ISM intranet)*
2. *World Trade Report 2009, World Trade Organization, 2008 (ISM intranet)*
3. Rivoli, P., *The Travels of a T-Shirt in the Global Economy, Wiley & Sons, 2005*
4. Stiglitz, J. E. *Globalization and Its Discontents. Penguin books, 2002 (ISM-Vilnius library; the assigned chapters in ISM intranet)*
5. Additional obligatory articles will be announced and be available during the course

NB. Due to the dynamic nature of the content of the course additional material can be assigned during the course. Slide handouts and readings will be prepared for each class and available for download. The slides are the intellectual property of teaching instructor and students may not distribute or duplicate these notes without written consent.

Role of the subject in reaching learning outcomes of International Business and Communication programme

Special learning outcomes	
S1. To describe the main economic theories and theoretical models, to adapt them to the theoretical and practical issues (for example, demand and supply elasticity theory, economic cycles, classical economic theory, Keynesianism, monetarism, rational expectations theory, cost-benefit analysis);	SLO1, SLO2, SLO6, SLO7
S2. To describe and to analyze economic, legal, political and social environment of companies and other organizations; to identify and to evaluate internal and external changes and to make necessary decisions to keep the firm's or organization's economic and financial stability;	SLO1, SLO2, SLO4, SLO5, SLO8
S3. To forecast the influence of economic and financial decisions not only in a financial context, but also in the wider context of business or organization management, to estimate the effect of economic and financial decisions on the processes of a company or an organization, the motivation of company's human resources, product and service quality, customer satisfaction, brand strength, corporate social responsibility;	SLO1, SLO2, SLO3
S4. To be able to analyze a company or an organization as an integral unit, which strives for certain goals in a market or social environment by effectively distributing their finite resources among objects and business activities and obtains synergies from coordinated function planning, organization and management;	
S5. To be able to plan and to organize manufacturing, service provision and other company's business processes in short and long term, in national and international markets;	SLO3
S6. To select and to apply in practice theories and models of company's or organization's business organization, planning, management, motivation and control;	
S7. To be able to identify new possibilities in national and international markets, to foresee, to analyze and to assess target markets, their potential, to adapt the old products and services and to develop the new ones for these markets, to communicate effectively one's proposals to the market;	SLO1, SLO2, SLO4, SLO5
S8. To explain the corporate social responsibility and to be able to apply its principles in practice for a company operating in a local as well as international markets.	
S9. To select adequate research methods for the company's internal and external analysis and to conduct individually simple research of internal and external environment (to collect, to organize and to interpret data, based on them to make managerial decisions).	
S10. To describe and to be able to analyze the policy and strategy of international business, the global economy, global business trends, international law, international finance, international communication;	SLO 3
S11. To explain the impact of culture on international business;	
S12. To describe and to analyze the risks and benefits of international business;	
S13. To prepare, to analyze and to evaluate the information of international business relationships and global business, to evaluate the vitality of new and existing companies in the global context;	
S14. To be able to adapt communication of various types to the international markets, to analyze and to evaluate the effectiveness of international business communication, to choose and to implement international marketing communication programme, based on the barriers of international business communication;	
S15. To name the main principles of international business law, to analyze simple cases of international business law	
S16. To name the main principles of strategic planning and management, to be able to analyze in practice strategic alternatives based on the international company's or organization's competitive environment and its resources, to create an outline of a strategic plan and to foresee tactical actions to implement the strategy.	
General learning outcomes	
G1. To apply modern information technologies in the data gathering, analysis and communication;	SLO8
G2. To apply a systematic, critical and constructive thinking in problem identification and solving;	SLO2, SLO8
G3. To be able to communicate well and express thoughts in writing and orally, both in English and native language; to communicate with specialists and non-professional audiences;	SLO8
G4. To prepare research papers according to proper language, writing style and general bibliographic citation requirements;	
G5. To develop independent learning skills necessary to continue studies on a higher level;	SLO8
G6. To communicate and to work effectively in an intercultural and interdisciplinary group or team.	
G7. In addition to native language and English, to master the foundations of the third language, necessary to maintain international cooperation relationships	