

WORLD ECONOMICS
International Economy and Business MSc program

Fall Term, 2020/2021 Academic Year

Lecturer(s):	Sejla ALMADI András TÉTÉNYI
Department:	Department of World Economy
Office hour:	Mondays 09:50-11:20 (A.T.) tbc (S.A.)
Availability:	Phone number: 482-7406 Room: new building C015 for András Tétényi and C012 for Sejla Almadi Email addresses: andras.tetenyi@uni-corvinus.hu sejla.almadi@uni-corvinus.hu

Prerequisites to the course:

None

Number of classes

2+2 (one 90-minute lecture and one 90-minute seminar per week)

Class time and room

Lectures are held on Wednesdays between 09:50 and 11:20 in room C 105 (new building).
Seminars are held the same day from 11:40 until 13:10 also in room C 105.

Description of the course

This course provides a modern view on the World Economy, while covering those issues which impact on the largest number of people on the planet. Many courses will only focus on international economic theory and the economics of advanced countries, however this course will offer global empirical evidence by covering emerging markets and developing countries.

During the course, the most important trade models (such as Ricardian, Gravity, Specific Factors, Heckscher-Ohlin, standard trade) are discussed in detail, also paying attention to trade policy and firms in the global economy, while concluding the course by discussing the most important problems of the balance of payments and its policy relevance. The practical applications of the trade models are also a focus of this course, as well as obtaining the skills to calculate more advanced problems in international trade.

The course combines the characteristics of the rigorous economic analysis with the sensitive issues of economic policy, that are important today. Therefore, students should build abilities to understand global economic events and to evaluate proposals for changing economic policies.

Sustainability

This course focuses on the aspects of sustainability by calling attention to the fact of the externalities of international trade.

Detailed class schedule, 1st – 14th week:

Date of class (lecture - seminar)	Topics to be discussed, readings required for the class
1 st week	Lecture: Introduction to the Global Economy, Framework of the course, An introduction to trade Reading: chapter 1, 2 Lecturer: András Tétényi
2 nd week	Lecture: Comparative advantage, the Ricardian model Reading: chapter 3 Lecturer: András Tétényi Online test
3 rd week	Lecture: The specific factor model of international trade Reading: chapter 4 Lecturer: András Tétényi
4 th week	Lecture: The Heckscher-Ohlin model of trade Reading: chapter 5 Lecturer: András Tétényi Online test
5 th week	Lecture: The standard trade model Reading: chapter 6 Lecturer: András Tétényi
6 th week	Lecture: External economies of scale Reading: chapter 7 Lecturer: Almadi Sejla Online test
7 th week	Lecture: Firms in the global economy, imperfect competition Reading: chapter 8 Lecturer: Almadi Sejla
8 th week	Intensive week
9 th week	Fall break
10 th week	Lecture: Trade policy Reading: chapter 9 Lecturer: Almadi Sejla Online test
11 th week	Lecture: The Political Economy of Trade Policy Reading: chapter 10 Lecturer: Almadi Sejla
12 th week	Lecture: The Balance of Payments, BoP adjustment Reading: chapter 13 Lecturer: Almadi Sejla Online test
13 th week	Lecture: Exchange rates and the foreign exchange market Reading: chapter 14 Lecturer: András Tétényi
14 th week	Lecture: Money, interest rates and exchange rates Reading: chapter 15 Lecturer: Almadi Sejla

Learning results / Professional competences

Knowledge	Ability	Attitude	Autonomy and responsibility
<p>Understanding the basic theory of trade</p> <p>Understanding and relating to the historical processes and to the current state of world and interregional trade, among supranational, national and corporate actors</p> <p>Understand the models and methods of international trade theory</p> <p>Possesses critical knowledge on the context of international trade and its most important players</p>	<p>Has the ability to Identify the main issues, movements and adjustments of the national income accounts and the balance of payments of the countries.</p> <p>Has the analytical skills to assess trade policy, its motivations and consequences.</p> <p>Has the ability to calculate formalized problems in international economics.</p> <p>Has the ability to understand the models of world economics and apply this knowledge to practical use.</p> <p>Has the ability to read, understand and evaluate graphs, charts, figures etc. in relation to the world economy</p>	<p>Is open to understanding the limitations of economic models.</p> <p>Is open to engaging in critical discussion on the pros and cons of international trade.</p> <p>Is open to understanding the impact international trade can have on the average citizen.</p>	<p>Has the ability to analyse data on their own.</p> <p>Has the ability to understand the shortcomings of datasets and the measurement challenges of these.</p> <p>Has the ability to do work on their own and study on their own.</p>

Methodology to be used

Lectures will be interactive with an aim to involve students in elaborating on topics. Seminars will be based on the problem-solving of certain international economics-related problems both mathematical and theoretical.

Assignments:

During this course, the companion site of the textbook will be used. Please read below how to access it:

1. Go to www.pearson.com/mylab.
2. Under Register, select Student.
3. Confirm you have the information needed, then select OK! Register now.
4. Enter your instructor's course ID: tetenyi99029, and Continue.
5. Enter your existing Pearson account username and password to Sign In. You have an account if you have ever used a MyLab or Mastering product.»If you don't have an account, select Create and complete the required fields.
6. Select an access option.»Enter the access code that came with your textbook or that you purchased separately from the bookstore.»If available for your course, • Buy access using a credit card or PayPal. • Get temporary access. If you're taking another semester of a course, you skip this step.
7. From the You're Done! page, select Go To My Courses.
8. On the My Courses page, select the course name International Economics - 11e -2020 spring to start your work.

To sign in later:

1. Go to www.pearson.com/mylab.
2. Select Sign In.
3. Enter your Pearson account username and password, and Sign In.
4. Select the course name International Economics - 11e - 2020 spring to start your work.

- You will have to do 5 out of 6 online tests every two weeks' time.
- The first test can be tried twice.
- The tests are marked in the syllabus.
- You will have 48 hours to fill out an approximately 60 minutes test.
- The test will be open on Friday and Saturday, the whole day. The test will be a collection of multiple choice, graphical and numerical exercises.
- For each and every student and occasion, a unique test will be generated.

Assessment, grading:

The final grade is composed as follows:

5 best test out of 6	90%
class activity	10%

If you are not satisfied with your grade (or if you do not wish to buy access to the online version of the textbook), you can write a final exam covering all materials.

Attendance list will be taken at the end of every seminar! Failure to attend more than 3 seminars will result in 0 points for your classroom activity (illness included)! Also, please try not to be late.

Final grades are awarded according to the standard Hungarian grading scale (51%: 2, 63%: 3, 75%: 4, 87%: 5). Grades are non-negotiable. Please take into account that any complaints concerning the points of the final written exams (except for obvious adding mistakes) will result in a re-evaluation of the entire test.

Compulsory readings:

The material of the lectures and seminars is compulsory. Nothing will be asked on the exam that was not discussed during a lecture or a seminar.

Lectures will loosely follow the textbook by Krugman – Obstfeld – Melitz (2015): *International Economics*, Eleventh edition, Pearson

We also recommend that you read the following textbooks to obtain more context and get a more nuanced view on the global economy:

- Feenstra - Taylor (2016): *International Trade*, Fourth edition, Worth Publishers.
- Salvatore (2016): *International Economics*, 12th edition, Wiley.
- Szentes (2003): *World Economics 1 and 2*, Akadémiai Kiadó.
- Vonnegut (2017): *Inside the Global Economy: A Practical Guide*, Rowman & Littlefield Publishers

For those who are newcomers in the field of economics we suggest that you review before the course the textbooks listed below:

- Acemoglu – Laibson – List (2018): *Economics*, Global Edition, 2nd edition, Pearson.
- Case – Fair – Oster (2019): *Principles of Economics*, Global Edition, 13th edition, Pearson.

Lecture slides and handouts can be found in the Moodle system. Please note, however, that these slides are only crude outlines of the lectures, and they do not substitute notes taken in class or reading the textbook. Also, Pearson offers great e-learning materials, a presentation of this will be held on week 1.

All comments and feedback concerning lectures, slides, selected readings etc. are welcome.