

HU 310: International Economics

Contact Hours- 04 (per week)

Examination Duration- 03

Credits- 04 (4-0-0)

Objective: This course develops a systematic exposition of models that try to explain the composition, direction, and consequences of international trade, and the determinants and effects of trade

policy. It then builds on the models of open economy macroeconomics, focusing on national policies as well as international monetary systems. It concludes with an analytical account of the causes and consequences of the rapid expansion of international financial flows in recent years. Although the course is based on abstract theoretical models, students will also be exposed to real-world examples and case studies.

Course Outline

Unit I: Introduction

What is international economics about? An overview of world trade.

Unit II: Theories of International Trade

The Ricardian, specific factors, and Heckscher-Ohlin models; new trade theories; the international location of production; firms in the global economy — outsourcing and multinational enterprises.

Unit III: Trade Policy

Instruments of trade policy; political economy of trade policy; controversies in trade policy. WTO and trade agreements – Developed vs Developing countries.

Unit IV: International Macroeconomic Policy

Fixed versus flexible exchange rates; international monetary systems; financial globalization and financial crises.

Unit V: Globalization

Globalization in historical perspective; the economics and politics of multilateral agreements; trade, production patterns and world inequality; financial instability in a globalized world.

Readings:

1. Paul Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics: Theory and Policy*, Addison-Wesley (Pearson Education Indian Edition), 9th edition, 2012.
2. Dominick Salvatore, *International Economics: Trade and Finance*, John Wiley International Student Edition, 10th edition, 2011.
3. Dani Rodrik, *The Globalization Paradox: Why Global Markets, States and Democracy Can't Coexist*, Oxford University Press, 2011.
4. Michael D. Bordo, Alan M. Taylor and Jeffrey G. Williamson (ed.), *Globalization in Historical Perspective*, University of Chicago Press, 2003.