**NEAR EAST UNIVERSITY  
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES**

**Department of Economics**

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| Course unit title | **World/ Global Economics** |
| Course unit code | ECON 402 |
| Type of course unit | Compulsory |
| Level of course unit | First cycle / Bachelor |
| Year of study | Fourth |
| Semester/trimester when the course unit is delivered | First Semester |
| Number of ECTS credits allocated | 6 |
| Name of lecturer(s) | Assist . Prof. Dr. Ergin Akalpler |
| Learning outcomes of the course unit | In this course it is expected that students will demonstrate the relevance of theory to real-world economic issues and policy questions. Students will become familiar to the international economics. The theoretical and practical application of international trade and theories will be comprehensively defined. Impact of the free movement of goods, labour is questioned and effects on fiscal sector are researched. Discussions are presented both verbally and graphically, making the text highly accessible even for students with little economics background, and a flexible format makes the text suitable for a wide range of course structures and subjects.  1. In this course students will be able to comprehend different international trade theories of decision-making under conditions of scarcity and uncertainty;  2. Analyze choice and demand, production, cost, the firm and market structure and market failure;  3. Develop analytic tools used to understand how the economy functions in aggregate;  4. Understand short- and long-run economics fluctuations;  5. Recognize the cause of trade, sources of the gains from trade and the domestic and international distribution of those gains;  6. Examine instruments and consequences of trade policy measures—including tariffs and non tariff restrictions; and  7. Understand international financial markets and the macroeconomics of open economies; balance of payments and the trade balance; exchange rates and the foreign exchange market; interest rates and capital flows; central banking and monetary policy in open economies; and exchange rate regimes. |
| Mode of delivery | Face-to-face |
| Prerequisites and co-requisites | none |
| Recommended optional programme components | - |
| Course contents | **CH1: The international Economy and Globalization**  **Key points**  In this chapter globalisation and its discontent will be introduced,  global market structure, international trade relations,  global recessions and competition is comprehensivesly explained.  **CH2: Foundations of Modern Theory: Comparative Advantage**  **Key points:**   1. International Trade Theory 2. The law of Comparative Advantages 3. The Mercantilists’ View on Trade 4. Trade Based on Absolute Advantage 5. Trade Based on Comparative Advantage 6. Comparative Advantage and Opportunity Cost 7. The Basis for and the Gain from Trade Under Constant Costs   **CH3: Source of Comparative Advantages**  **Key points:**  Factor endownents theory as a source of comparative advantages introduced, real versus relative cost advantages explained, The Comparative advantages theory and assumtıons introduced and explainied with unit labor cost application, dynamic gain from trade with producer gain and consumer welfare explained with gaphs.  In the context of the [Heckscher–Ohlin model](https://en.wikipedia.org/wiki/Heckscher%E2%80%93Ohlin_model) of [international trade](https://en.wikipedia.org/wiki/International_trade) Strategic trade andRybczynski theorem are also introduced  **Book: International Economics, Salvatore D.**  **CH 5 Factor Endowments and the Heckscher Ohlin Theory**  **Key Points:**  Introduces factor endowments of the Heckscher Ohlin Theory  Assumptions of the Theory,  Factor intensity factor abundance and the shape of the production frontier,  Factor endowment and the Heckscher Ohlin theory,  Factor Price Equation and Income Distribution,  Empirical test of the Heckscher Ohlin Model is introduced.  **CH 6 Economies of Scale, Imperfect competition and International Trade**  **Key Points**  Economies of scale introduced,  Product differentiations explained and explained for understanding the competition in international markets,  Growing share of intra industry trade in EU and in world markets introduced    **CH 9.5 Motivating Trade Interventions**  **Key Points**  **a**. Market distortions: market distortion is introduced under the J. Viner’s Customs Union Theory trade creation trade distortion effects  book: Bhagwati, chapters 21, 25, 26, 27 and section 28.1  **b Strategic trade interventions.**  strategic trade policy versus free but fair trade, when the government is bound to intervene domestic market internal firms will be supported and cause a resource transfers between external non subsidized firms and and subsidized internal firms.Book: D. Salvatore,  **Book: Global Economics, Carbaugh**  **CH 4 Tariffs**  **Key Points:**  Trade Restrictions: Tariffs   1. Introduction 2. Partial Equilibrium Analyses of a Tariff 3. The Theory of Tariff Structure 4. General Equilibrium Analyses of a Tariff in a Small Country 5. General Equilibrium Analyses of a Tariff in a Large Country 6. The Optimum Tariff and ERP NRP   **CH 5 Non tariff Barriers**  **Key Points**  Export subsidies, import subsidies, voluntary export restrain, export quotas, import quotas, direct payments, set aside measures, production quotas, etc other non tariff measures are introduced and application on graphs will be explained advantages disadvantages on the free but fair trade considered.  **CH 6/ 7/ 8 Trade agreements / Trade Regulations/ Trade Policies**  **Key points:**  From Doha to Hong Kong trade negotiations introduced in the WTO  From the 1970s to date reforms introduced. Briefly the Uruguay Round was the 8th round of [multilateral trade negotiations](https://en.wikipedia.org/wiki/Multilateral_trade_negotiations) 1980s, the 1992 Mac Sharry reform, the Agenda 2000, the 2003 reform and 2013 reform  Trade policies and regulations are briefly introduced and its effects on the trade liberalisation is considered.  **CH 9 International Factor Movements and Multinational Enterprises**  **Key points:**  Motive for FDI and FPI investments, free movements of labor and capital introduced and questioned. Effects of multinational companies and enterprises are introduced and researched in the light of international trade theories.  **CH 10 Balance of Payment**  **Key points:**  Balance of payments structure,  Capital and financial account,  Impact of the current account deficit on production operation process,  Reasons for the current account deficit,  Net foreign investment and current account balance.  **CH 11 Foreign Exchange Rates**  **Key points:**  Foreign exchange rates, types of foreign exchange rates and its determination is explianed. Nominal and real exchange raters is defined.  Arbitrage, forward rate and sport rate compared and forward market explained.  Fluctuation in the market and exchange rate risk introduced |
| Recommended or required reading | [Robert J. Carbaugh](http://www.google.com.tr/search?hl=tr&tbo=p&tbm=bks&q=inauthor:%22Robert+J.+Carbaugh%22): Global Economics, South-Western Cengage Learning, 2011 [Dominick Salvatore](http://www.amazon.com/Dominick-Salvatore/e/B000BCLJRU/ref=dp_byline_cont_book_1): International Economics, Prentic Hall, 10th Edition Bhagwati Jagdish: International Trade, The MIT press Cambridge, England, 1987  Baylis John and Steve Smith: The Globalisation of World Politics, Oxford University Press, Oxford, 1999  . |
| Planned learning activities and teaching methods | Lectures, class discussions, reading material from textbook, assignments, presentations and exams. |

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| Language of instruction | English |
| Work placement(s) | - |

ECTS Allocated Based on the Student Workload (Based on 14 teaching weeks)

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| **Activities** | **Number** | **Hours** | **Total Workload Hours** |
| In class | 14 | 4 | 56 |
| Assignments | 6 | 4 | 24 |
| Quizzes- class works | 4 | 1 | 4 |
| Mid-term exam | 1 | 1 | 1 |
| Final exam | 1 | 1.5 | 1.5 |
| Quiz preparation | 4 | 2 | 8 |
| Presentation | 2 | 5 | 10 |
| Mid-term exam preparation | 1 | 12 | 12 |
| Final exam preparation | 1 | 15 | 15 |
| Self-study | 14 | 1 | 14 |
| Total workload |  |  | 145.5 |
| Total workload / 25 hours |  |  | 145.5 / 25 = 5.82 |
| ECTS credits for the course |  |  | 6 |