Syllabus template

Semester: VI	
Course : ECONOMICS	
Paper Title: INTERNATIONAL ECONOMICS	
Paper code: C3EC230621T	**Credits: 4**
Hours/week : 4 CLASSESS/WEEK	
Category: Core/MDC/SEC/VAC : CORE	
Theory / Practical / Composite : THEORY	
No of Modules : 2	

Course Overview/ Course Objectives:

1. Provide a strong foundation in the classical and the neo-classical trade theories
2. Understand the factors determining the patterns of international trade,
3. Analyse if trade is beneficial to all, or, if there are winners and losers from trade,
4. Study the structure, conduct and performance of trade policy,
5. Gain familiarity with the world trading system,
6. Apply these theories to issues in globalization, economic integration and trade policy.

Course Outcome: Module 1

1. **CO 1 (Understand, Remember):** Understand the basic concepts of absolute and comparative advantage
2. **CO 2 (Analysis):** Analyse the mechanics of international equilibrium using offer curves and evaluate the stability of the Terms of Trade (TOT).
3. **CO 3 (Evaluation):** Critically assess the Gains from Trade (GFT) through mathematical decomposition and theoretical theorems.
4. **CO 4 (Application):** Apply Ricardian comparative advantage to determine patterns of trade, specialization, and intermediate TOT in a technology-driven global market.
5. **CO 5 (Synthesis):** Formulate the relationship between factor endowments, factor prices and international trade (H-O Theorem).
6. **CO 6 (Synthesis):** Formulate the relationship between factor endowments and income distribution using core theorems (Stolper-Samuelson, and Rybczynsky Theorems).

Course Outcome: Module 2

1. **CO 1 (Understand, Remember):** Understand the basic distinction between free and protected trade
2. **CO 1 (Understand, Remember):** Understand the basic frameworks of partial and general equilibrium in the context of international trade
3. **CO 3 (Evaluation):** Compare the welfare effects of price-based and quantity-based trade barriers (Tariffs vs. Quotas) in both small and large country contexts
4. **CO 4 (Analysis):** Examine the complexities of trade wars and paradoxes (Metzler's Paradox) using general equilibrium frameworks.
5. **CO 5 (Creation/Calculation):** Calculate Balance of Payments (BoP) adjustments and predict the impact of national income changes on the transfer problem.
6. **CO 6 (Analysis):** Evaluate the effectiveness of currency devaluation by analyzing the Marshall-Lerner Condition and the time-path of the J-Curve effect.

Prerequisites: ***Intermediate level knowledge of Microeconomics and Macroeconomics***

SYLLABUS

Module	CONTENT	HOURS or NUMBER OF CLASSES	CO Mapping	COGNITIVE LEVEL
Module I	**Basics of trade theory:** International equilibrium: Offer curves, Terms of Trade (TOT) and stability; Gains from Trade (GFT) Theorem; Decomposition of GFT. **Technology and Trade:** Comparative versus Absolute Advantage, relative demand and relative supply, terms of trade; Trade in Ricardian world, Determination of intermediate TOT, Complete specialization & GFT **Factor Endowment & Trade:** Factor Abundance; Properties of the HO model - Factor intensity, Stolper-Samuelson theorem, Rybczynsky theorem, H-O theorem; factor price equalization, factor intensity reversal & factor price equalization, effects on income distribution; Demand bias; Leontief Paradox.	**2 Classes/ week**	**CO1, CO2, CO3, CO4. CO5, CO6**	**K1, K2, K3, K4, K5, K6**
Module II	**Trade Policy Partial Equilibrium Analysis**: Analyses of Tariff, Quota, Export Subsidy and Voluntary Export Restraint; General Equilibrium Analysis of welfare effects of a tariff on small country and large country, Tariff-ridden offer curve, Tariff war, Metzler's Paradox. **Balance of Payments & Exchange Rate:** Balance of Payment accounts; Determination of National Income, Transfer problem, Repercussion effects; Fixed & Flexible Exchange Rate - adjustment of demand and supply of Foreign Exchange, Effect of devaluation, Effects of exchange rate on domestic prices and TOT, Marshall-Lerner Condition, J-Curve effect.	**2 Classes/ week**	**CO1, CO2, CO3, CO4. CO5, CO6**	**K1, K2, K3, K4, K5, K6**
Text Books				
1. P. Krugman and M. Obstfeld- International Economics (8th Edition) ; Pearson Education				
2. R. Caves, J. Frankel and R.W. Jones – World Trades & Payments (9th Ed); Pearson Education				
3. Rajat Acharyya- International Economics; Oxford University Press				
Suggested readings				
1. Giancarlo Gandolfo, International Trade Theory and Policy, Springer, 2014				
2.				
Evaluation: CIA: 30 (20 +5 + 5)+ End Semester:70				
Paper Structure for Theory Semester Exam Module: Module 1: 3(out of 4)×5+ 2(out of 3)×10 Module 2: : 3(out of 4)×5+ 2(out of 3)×10				

Course outcomes (COs) and Cognitive Level Mapping

COs	CO Description	Cognitive levels
Module 1		
CO1	**CO 1 (Understand, Remember):** Understand the basic concepts of absolute and comparative advantage	K1, K2
CO2	**CO 2 (Analysis):** Analyse the mechanics of international equilibrium using offer curves and evaluate the stability of the Terms of Trade (TOT).	K3
CO3	**CO 3 (Application / Evaluation):** Critically assess the Gains from Trade (GFT) through mathematical decomposition and theoretical theorems.	K4, K5
CO4	**CO 4 (Application / Evaluation):** Apply Ricardian comparative advantage to determine patterns of trade, specialization, and intermediate TOT in a technology-driven global market.	K4, K5
CO5	**CO 5 (Synthesis):** Formulate the relationship between factor endowments, factor prices and international trade (H-O Theorem).	K5, K6
CO6	**CO 6 (Synthesis):** Formulate the relationship between factor endowments and income distribution using core theorems (Stolper-Samuelson, and Rybczynsky Theorems).	K5, K6
Module 2	**Course Outcome: Module 2**	
CO1	**CO 1 (Understand, Remember):** Understand the basic distinction between free and protected trade	K1, K2
CO2	**CO 1 (Understand, Remember):** Understand the basic frameworks of partial and general equilibrium in the context of international trade	K1, K2
CO3	**CO 3 (Analysis):** Compare the welfare effects of price-based and quantity-based trade barriers (Tariffs vs. Quotas) in both small and large country contexts	K3
CO4	**CO 4 (Analysis/Evaluation):** Examine the complexities of trade wars and paradoxes (Metzler's Paradox) using general equilibrium frameworks.	K3, K5
CO5	**CO 5 (Creation/Calculation):** Calculate Balance of Payments (BoP) adjustments and predict the impact of national income changes on the transfer problem.	K5, K6
CO6	**CO 6 (Apply/Evaluation/Synthesis):** Evaluate the effectiveness of currency devaluation by analyzing the Marshall-Lerner Condition and the time-path of the J-Curve effect.	K4, K5, K6