Irkutsk State University, Institute for Mathematics, Economics and Informatics  
Applied International Economics  
Fall 2013  
Course Syllabus

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Prerequisites: Principles of Microeconomics, Principles of Macroeconomics, Econometrics

Course description. This course introduces selected theoretical and empirical concepts in International Economics and serves as a preparation to more advanced courses in International Trade and International Finance. The aim of the course is to review the current state of theory and empirical work in International Economics and provide guidance for using these concepts in applied research. Lectures are complemented by practical sessions to aid the understanding of the course material.

Grading. The grade for the course is based on a home assignment and class participation (30%) and a final exam (70%). The home assignment will contain empirical and theoretical parts and should serve as a preparation to the final exam. The final exam is a written closed book, closed notes exam. Violation of academic honesty during the exam, including the use of unauthorized materials, receiving and/or providing unauthorized help from/to other students, results in a failing grade for the course.

Readings

Principal textbook:


Supplementary readings:


Course Outline

1. World trade: An overview. Gravity equation and its empirical applications

[KOM] Chapter 2; [F] Chapter 5  
2. Labor Productivity and Comparative Advantage: The Ricardian Model
   [KOM] Chapter 3

3. Specific Factors and Income Distribution
   [KOM] Chapter 4

4. Resources and Trade: The Heckscher-Ohlin Model
   [KOM] Chapter 5

5. Additional concepts and applications
   a. Forecasting. Basic principles and empirical applications for transition countries
      [R] Chapter 11

   b. Exchange rate pass-through. Empirical evidence

   c. Balassa-Samuelson effect. Empirical evidence in transition countries

6. Homework solution. Final exam