

7. Sobhan, R., & Ahmed, M. (1981). *Public enterprise in an intermediate regime: A study in the political economy of Bangladesh*. Dacca: Bangladesh Inst. of Development Studies.
8. Stiglitz, J. E., & Rosengard, J. K. (2015). *Economics of the Public Sector*. W.W. Norton & Company.

### **ECON 403: International Trade**

**Credit Hours: 04**

**Rationale:** The world is increasingly getting closer through trade and other means of globalization. Trade theories convincingly show the gains from trade for the participating countries. There are, however, some contrary views proposed by the political economy theorists that show the harmful effects of trade between the developed and the developed economies. Arguments for/against free trade make international trade a lively subject.

**Prerequisites:** Microeconomics, Macroeconomics

**Course Objectives:** The purpose of the course is to introduce theories of trade that explain gains from trade. Existence of protection through various types of trade policies and the debate over free trade are also discussed in this course. Other objectives of the course include providing idea about the formation and functions of some major international institutions such as World Bank, IMF, and WTO.

**Intended Learning Outcomes:** After successful completion of the course, students will be able to:

1. explain why countries trade with each other;
2. construct and read balance of payment account of a country;
3. explain the consequences of trade imbalances for a country;
4. analyze the welfare effects of trade policies; and
5. understand the purposes and functions of World Bank, IMF, and WTO.

#### **Course Content:**

1. **Introduction:** Globalization of the world; International flow of goods and services, and labor; Current international economic problems and challenges
2. **International Trade Theory**
  - i. **The Ricardian Model:** The Mercantilists' views on trade; The theory of absolute advantage; The theory of comparative advantage; Solving for international price.
  - ii. **The Standard Theory of International Trade:** The production possibilities frontier with increasing costs; Community indifference curves; Equilibrium in isolation; The basis for and gains from trade with increasing costs; Trade based on differences in tastes.
  - iii. **Demand and supply, offer curves, and the terms of trade:** The equilibrium-relative commodity price with trade—partial equilibrium analysis; Offer curves; The equilibrium-relative commodity price with trade—general equilibrium analysis; Terms of trade.
  - iv. **Factor Endowments and The Heckscher-Ohlin theory:** Assumptions of the theory; Factor intensity, factor abundance, and the shape of the production frontier; The Heckscher-Ohlin theory; Factor-price equalization and income distribution;
3. **International Trade Policy**
  - i. **Import Tariffs:** Partial equilibrium analysis of a tariff; The theory of tariff structure; General equilibrium effects of a tariff in a small country; General equilibrium effects of a tariff in a large country; The optimum tariff.
  - ii. **Nontariff Trade Barriers:** Import quotas; Export subsidies; Voluntary export restraints; Technical, administrative, and other regulations; International cartels; Dumping; Arguments for protection.
  - iii. **Economic Integration:** The degree of economic integration; Trade-creating customs unions; Trade-diverting customs unions; Static welfare effects of customs unions; Dynamic benefits from customs unions; History of attempts at economic integration customs union and free trade area (e.g. EU, ASEAN, NAFTA, SAARC).
4. **Major International Trade Institutions:** WTO, World Bank, IMF, UNCTAD, IFC etc.

### Basic Text

Salvatore, D. (2013). *International Economics* (11th ed.). Wiley.

### Books Recommended

1. Caves, R. E., Frankel, J. A., & Jones, R. W. (2013). *World trade and payments: An introduction*. Boston, Mass: Pearson Education.
2. Ellsworth, P. T. (1940). *International economics*. Kyoto: Hirano.
3. Feenstra, R. C., & Taylor, A. M. (2017). *International economics*. New York, NY: Worth Publishers.
4. Grubel, H. G. (1981). *International Economics*. R. D. Irwin.
5. Heller, H. R. (1988). *International trade: Theory and empirical evidence*. New Delhi: Prentice-Hall of India Private Limited.
6. Johnson, H. G. (1968). *Money, trade and economic growth*. London: Allen and Unwin.
7. Kramer, R. L., Root, F. R., D'Arlin, M. Y., & Kramer, R. L. (1966). *International trade and finance: Theory, policy, practice*. Burlingame, Calif: South-Western Pub. Co.
8. Lindert, P. H., & Kindleberger, C. P. (1991). *International economics*. Homewood, Ill: Irwin
9. Ray, P. K., & Kundu, K. B. (1974). *International economics: Pure theory and trade policy*. Calcutta: Nababharat Publ.
10. Södersten, B., & Reed, G. (2004). *International economics*. Basingstoke: Macmillan.

### **ECON 404: Financial Investment and Security Analysis**

**Credit Hours: 04**

**Rationale:** Financial market provides instruments of saving for households and sources of investment funds for firms. To make profitable investment in the financial market and avoid losses investors need basic knowledge about the market. The course shows how prices of various types of securities are determined and how they are affected by various factors in the market.

**Prerequisites:** Microeconomics, Macroeconomics, and Statistics.

**Course Objective:** The main purpose of the course is to make students familiar with the various types of financial instruments available in the market and how to invest in these instruments. Throughout the course, students will learn when to buy and when to sell financial securities.

**Intended Learning Outcomes:** After successful completion of the course, students will be able to:

1. differentiate between primary and secondary securities;
2. measure the riskiness of securities;
3. understand the trading system of a stock exchange;
4. determine the prices of fixed-income securities like bonds and treasury bills; and
5. understand the pricing of derivative securities like options and swaps.

### **Course Content:**

1. **Introduction:** Securities; Security markets; Financial intermediaries.
2. **Investment:** Meaning of investment; Financial and economic meaning of investment; Characteristic of investment; Objectives of investment; Investment vs. speculation; Investment vs. gambling; Types of investment.
3. **Security Markets:** Class of securities; Financial market; Segments of financial market; Types of financial market; Participants in the financial market; Regulatory environment; Primary markets; Method of floating new issues; Principal steps in floating a public issue; Book building; Role of primary market; Regulation of primary market; Organized exchanges call markets; Continuous market; Clearing houses.
4. **Valuation of Riskless Securities:** Spot rates; Forward rates; Discount factors; Yield curves term; Structure theories; Unbiased expectation theory; Liquidity performance theory; Market segmentation theory.