

**SUBJECT TITLE:** International Economics-II (242203)  
**COURSE TEACHER:** Md. Humayun Reza (T-03) & Md. Ali Ahsan (T-10)

Chapter No & Chapter Title	Number of Classes with Class Title	Learning Outcomes  At the end of the class the students would be able to
<b>1. Theory of Terms of Trade (T-10)</b>	1. Definition and Classification of Terms of Trade.	<ol style="list-style-type: none"> <li>1. Define the concept of <i>Terms of Trade (ToT)</i> and explain its significance in international trade.</li> <li>2. Distinguish between gross barter terms, net barter terms, and income terms of trade.</li> <li>3. Interpret various types of ToT using real-world examples.</li> <li>4. Analyze the limitations and challenges in measuring ToT accurately.</li> </ol>
	2. Classification of Terms of Trade (Detailed).	<ol style="list-style-type: none"> <li>1. Explain the differences between single-factoral and double-factoral terms of trade.</li> <li>2. Understand and apply commodity terms of trade and income terms of trade in trade analysis.</li> <li>3. Evaluate how changes in productivity can affect various types of ToT.</li> <li>4. Illustrate the relationship between terms of trade and a country's trade.</li> </ol>
	3. Terms of Trade of Bangladesh.	<ol style="list-style-type: none"> <li>1. Describe the historical trends in the Terms of Trade of Bangladesh.</li> <li>2. Identify key factors affecting Bangladesh's ToT (e.g., export composition, global price trends).</li> <li>3. Analyze the impact of ToT fluctuations on Bangladesh's trade balance and economic growth.</li> <li>4. Interpret data from international sources (like the World Bank or Bangladesh Bank) to assess ToT.</li> </ol>
	4. Optimum Terms of Trade.	<ol style="list-style-type: none"> <li>1. Define the concept of <i>optimum terms of trade</i> and its theoretical underpinnings.</li> <li>2. Examine how a country can aim to achieve its optimum ToT through trade policies.</li> <li>3. Assess the relationship between ToT and the gains from trade.</li> <li>4. Discuss practical difficulties in identifying or achieving the optimum ToT in real economies.</li> </ol>

	<p>5. Terms of Trade and Economic Welfare.</p>	<ol style="list-style-type: none"> <li>1. Understand how ToT affects national income and economic welfare.</li> <li>2. Analyze how deteriorating or improving ToT can influence poverty, employment, and living standards.</li> <li>3. Explore the role of elasticity of demand and supply in determining ToT and its impact on welfare.</li> <li>4. Critically assess whether improving ToT always leads to better economic outcomes for a country.</li> </ol>
<p><b>2. Theory of Balance of Payments (T-03)</b></p>	<p>6. Disequilibrium Defined- Adjustment through Price and Income Changes</p>	<ol style="list-style-type: none"> <li>1. Define Economic Disequilibrium – Learners will be able to explain the concept of disequilibrium in an economy and identify its causes, such as imbalances in supply and demand, trade deficits, or inflationary pressures.</li> <li>2. Describe the Role of Price and Income Changes in Adjustment – Learners will be able to outline how price and income adjustments help restore equilibrium in markets, including mechanisms like wage flexibility, inflation, and demand shifts.</li> <li>3. Analyze the Effects of Price and Income Adjustments on Economic Stability – Learners will be able to assess how changes in prices and income levels influence market corrections, considering both short-term and long-term economic impacts.</li> <li>4. Evaluate the Effectiveness of Different Adjustment Mechanisms – Learners will critically evaluate the strengths and limitations of price and income adjustments in addressing disequilibrium, comparing their effectiveness in different economic conditions.</li> </ol>
	<p>7. Expenditure Reducing and switching Policies.</p>	<ol style="list-style-type: none"> <li>1. Define Expenditure-Reducing and Expenditure-Switching Policies – Learners will be able to explain the meaning of expenditure-reducing and expenditure-switching policies and their role in correcting balance of payments disequilibrium.</li> <li>2. Identify Examples of Expenditure-Reducing and Expenditure-Switching Policies – Learners will be able to list and describe key policies, such as fiscal contraction, monetary tightening (expenditure-reducing), devaluation, and tariffs (expenditure-</li> </ol>

		<p>switching).</p> <ol style="list-style-type: none"> <li>Analyze the Impact of These Policies on the Economy – Learners will be able to assess how expenditure-reducing and expenditure-switching policies influence aggregate demand, exchange rates, and trade balances.</li> <li>Evaluate the Effectiveness of These Policies in Different Economic Contexts – Learners will critically examine the advantages and limitations of these policies, considering factors such as inflation, employment, and global trade dynamics.</li> </ol>
	8. Elasticity and absorption Approach.	<ol style="list-style-type: none"> <li>Define the Elasticity and Absorption Approaches – Learners will be able to explain the concepts of the elasticity approach and the absorption approach in the context of balance of payments adjustment.</li> <li>Differentiate Between the Two Approaches – Learners will be able to describe the key differences between the elasticity approach (which focuses on price elasticity of exports and imports) and the absorption approach (which emphasizes national income and expenditure).</li> <li>Analyze the Conditions for Effective Balance of Payments Adjustment – Learners will be able to assess how exchange rate changes influence trade balance under the elasticity approach and how changes in domestic absorption affect external balance under the absorption approach.</li> <li>Evaluate the Practical Relevance of Both Approaches in Modern Trade Policy – Learners will critically examine the effectiveness and limitations of the elasticity and absorption approaches in addressing balance of payments disequilibria in contemporary economic environments.</li> </ol>
	9. Market for Foreign Exchange.	<ol style="list-style-type: none"> <li>Define the Foreign Exchange Market and Its Functions – Learners will be able to explain the concept of the foreign exchange market, its role in facilitating currency exchange, and its importance in international trade and finance.</li> <li>Identify the Key Participants and Determinants of Exchange Rates – Learners will be able to list and describe the major participants (e.g., central banks, commercial</li> </ol>

		<p>banks, traders, and investors) and the factors that influence exchange rate movements, such as interest rates, inflation, and speculation.</p> <ol style="list-style-type: none"> <li>3. Analyze the Mechanisms of Exchange Rate Determination – Learners will be able to assess how exchange rates are determined under different systems (fixed, floating, and managed exchange rates) and how market forces influence currency fluctuations.</li> <li>4. Evaluate the Impact of Foreign Exchange Market Fluctuations on the Economy – Learners will critically examine how exchange rate volatility affects trade balances, inflation, and economic stability, and assess the effectiveness of government interventions in stabilizing currency markets</li> </ol>
	<p>10. Fixed and Floating Foreign Exchange Rates.</p>	<ol style="list-style-type: none"> <li>1. Define Fixed and Floating Exchange Rates – Learners will be able to explain the concepts of fixed and floating exchange rate systems, including how they function in international markets.</li> <li>2. Identify the Key Characteristics of Each System – Learners will be able to list and describe the main features, advantages, and disadvantages of fixed and floating exchange rate regimes.</li> <li>3. Analyze the Economic Implications of Fixed and Floating Exchange Rates – Learners will be able to assess how each exchange rate system impacts trade, inflation, monetary policy, and economic stability.</li> <li>4. Evaluate the Suitability of Each System in Different Economic Contexts – Learners will critically examine the effectiveness of fixed and floating exchange rate systems in various economic conditions, considering factors such as market stability, economic growth, and government intervention</li> </ol>

	<p>11. Stability of Balance of Payments- Theory of Flexible Exchange rate.</p>	<ol style="list-style-type: none"> <li>1. Define the Theory of Flexible Exchange Rates – Learners will be able to explain the concept of flexible exchange rates and how they function in maintaining balance of payments equilibrium.</li> <li>2. Describe the Mechanism of Balance of Payments Adjustment Under a Flexible Exchange Rate System – Learners will be able to outline how exchange rate fluctuations automatically correct balance of payments disequilibrium through market forces like supply and demand for foreign currency.</li> <li>3. Analyze the Role of Exchange Rate Flexibility in Economic Stability – Learners will be able to assess how currency appreciation and depreciation influence trade balances, capital flows, and overall economic stability.</li> <li>4. Evaluate the Effectiveness of Flexible Exchange Rates in Correcting Balance of Payments Disequilibrium – Learners will critically examine the advantages and limitations of a flexible exchange rate system in different economic conditions, considering factors such as speculation, inflation, and external shocks.</li> </ol>
	<p>12. Currency Depreciation- Effects of Income and balance of Trade- Multiple Exchange rate.</p>	<ol style="list-style-type: none"> <li>1. Define Currency Depreciation and Multiple Exchange Rates – Learners will be able to explain the concept of currency depreciation and the multiple exchange rate system, including their causes and mechanisms.</li> <li>2. Describe the Effects of Currency Depreciation on Income and Balance of Trade – Learners will be able to outline how currency depreciation influences national income, export competitiveness, import costs, and overall trade balance.</li> <li>3. Analyze the Relationship Between Exchange Rate Policies and Trade Performance – Learners will be able to assess how different exchange rate regimes, including multiple exchange rates, impact trade flows, inflation, and economic growth.</li> <li>4. Evaluate the Effectiveness of Currency Depreciation in Achieving Economic Stability – Learners will critically examine the benefits and drawbacks of currency</li> </ol>

		depreciation as a policy tool, considering factors such as inflationary pressures, capital flight, and external debt.
<b>3. Foreign Exchange Market (T-10)</b>	13. Exchange Rates and the Foreign Exchange Market.	<ol style="list-style-type: none"> <li>1. Define exchange rates and differentiate between nominal and real exchange rates.</li> <li>2. Identify the key participants in the foreign exchange market and their roles.</li> <li>3. Understand how currency pairs and exchange rate quotations work in spot and forward markets.</li> <li>4. Analyze the structure and functioning of the foreign exchange market, including major trading centers and instruments.</li> </ol>
	14. Demand and Supply of Foreign Exchange; Exchange Rate Systems.	<ol style="list-style-type: none"> <li>1. Explain the determinants of demand and supply in the foreign exchange market.</li> <li>2. Illustrate how exchange rates are determined by market forces using demand-supply diagrams.</li> <li>3. Compare fixed, flexible, and managed exchange rate systems with real-world examples.</li> <li>4. Analyze the advantages and disadvantages of different exchange rate regimes, especially in developing economies.</li> </ol>
	15. Expectations, Equilibrium, and Exchange Rate Dynamics.	<ol style="list-style-type: none"> <li>1. Understand how market expectations influence short-run exchange rate movements.</li> <li>2. Define exchange rate equilibrium and factors that cause disequilibrium.</li> <li>3. Explore the role of speculation and central bank interventions in exchange rate dynamics.</li> <li>4. Examine how inflation, interest rate differentials, and capital flows interact with exchange rate fluctuations.</li> </ol>
	16. Purchasing Power Parity (PPP) and Long-run Exchange Rate Models.	<ol style="list-style-type: none"> <li>1. Define the concepts of Absolute and Relative Purchasing Power Parity (PPP).</li> <li>2. Analyze how PPP can be used to explain long-term movements in exchange rates.</li> <li>3. Evaluate the empirical validity of PPP in both developed and developing countries.</li> <li>4. Introduce the long-run exchange rate models, focusing on productivity, inflation, and trade balances.</li> </ol>
	17. Real Exchange Rate and International Exchange.	<ol style="list-style-type: none"> <li>1. Define the real exchange rate and differentiate it from the nominal exchange rate.</li> <li>2. Analyze how international exchange rate differentials affect competitiveness and trade balances.</li> </ol>

		<ol style="list-style-type: none"> <li>3. Explore the determinants of real exchange rate movements, including structural and policy factors.</li> <li>4. Evaluate the implications of real exchange rate misalignment on economic growth and development.</li> </ol>
<p><b>4. Devaluation</b></p>	<p>18. Theories of Tariff and Protection Concept of Effective Protection</p>	<ol style="list-style-type: none"> <li>1. Define Tariffs, Protectionism, and Effective Protection – Learners will be able to explain the concepts of tariffs, protectionist policies, and the effective rate of protection in international trade.</li> <li>2. Describe the Different Theories of Tariffs and Protectionism – Learners will be able to outline key theories related to tariffs and protection, such as the infant industry argument, revenue generation, and national security considerations.</li> <li>3. Analyze the Economic Impact of Tariffs and Protectionist Policies – Learners will be able to assess how tariffs and protectionist measures influence domestic industries, trade balances, and consumer welfare.</li> <li>4. Evaluate the Effectiveness of the Concept of Effective Protection in Trade Policy – Learners will critically examine the advantages and limitations of effective protection, considering factors such as supply chain integration, tariff escalation, and global competitiveness.</li> </ol>
	<p>19. Nominal and Effective Rates- Methods of calculating Effective rates- Normative Aspects of Protection- Tariffs Vs. tax Subsidy policies.</p>	<ol style="list-style-type: none"> <li>1. Define Nominal and Effective Protection Rates – Learners will be able to explain the concepts of nominal and effective protection rates and their significance in trade policy.</li> <li>2. Describe the Methods of Calculating Effective Protection Rates – Learners will be able to outline the formula and key steps involved in determining the effective rate of protection, considering input tariffs and value-added components.</li> <li>3. Analyze the Normative Aspects of Protectionism – Learners will be able to assess the economic justifications for and against protectionist policies, considering their impact on efficiency, equity, and market distortions.</li> <li>4. Evaluate the Effectiveness of Tariffs vs. Tax Subsidy Policies – Learners will critically compare the advantages and disadvantages of tariffs and tax subsidy policies as tools for protecting domestic industries, examining</li> </ol>

		<p>their effects on government revenue, consumer prices, and international trade relations</p>
	<p>20. Optimum tariff.</p>	<ol style="list-style-type: none"> <li>1. Define the Concept of Optimum Tariff – Learners will be able to explain the meaning of an optimum tariff and how it differs from other types of tariffs in international trade.</li> <li>2. Describe the Mechanism of an Optimum Tariff – Learners will be able to outline how an optimum tariff maximizes a country's welfare by improving its terms of trade without triggering excessive retaliation from trading partners.</li> <li>3. Analyze the Economic Impact of an Optimum Tariff – Learners will be able to assess how an optimum tariff affects domestic producers, consumers, trade balances, and foreign relations.</li> <li>4. Evaluate the Practical Feasibility of Implementing Optimum Tariffs – Learners will critically examine the challenges and risks associated with imposing an optimum tariff, including potential retaliation from other countries and its impact on global trade dynamics.</li> </ol>
	<p>21. Non-tariff barriers to Trade- Quota Technical barriers.</p>	<ol style="list-style-type: none"> <li>1. Define Non-Tariff Barriers (NTBs), Quotas, and Technical Barriers – Learners will be able to explain the meaning of non-tariff barriers, including quotas and technical barriers, and their role in regulating international trade.</li> <li>2. Describe Different Types of Non-Tariff Barriers – Learners will be able to list and explain key non-tariff barriers, such as import quotas, product standards, sanitary regulations, and licensing requirements.</li> <li>3. Analyze the Economic Effects of Quotas and Technical Barriers on Trade – Learners will be able to assess how quotas and technical barriers impact domestic industries, consumer choices, and trade relationships between countries.</li> <li>4. Evaluate the Justification and Challenges of Using Non-Tariff Barriers – Learners will critically examine the advantages and disadvantages of non-tariff barriers, considering factors such as market efficiency, consumer protection, and potential trade disputes.</li> </ol>

	<p>22. Distortions- Domestic Distortions- tariff Theory of Optimum Subsidy.</p>	<ol style="list-style-type: none"> <li>1. Define Economic Distortions and Domestic Distortions – Learners will be able to explain the concept of economic distortions, with a focus on domestic distortions caused by market failures, subsidies, and tariffs.</li> <li>2. Describe the Tariff Theory of Optimum Subsidy – Learners will be able to outline the key principles of the optimum subsidy theory, explaining how subsidies can be used as a policy tool to correct domestic distortions while minimizing trade inefficiencies.</li> <li>3. Analyze the Effects of Domestic Distortions on Trade and Market Efficiency – Learners will be able to assess how domestic distortions, such as tariffs and subsidies, impact resource allocation, international competitiveness, and economic welfare.</li> <li>4. Evaluate the Effectiveness of an Optimum Subsidy Compared to Tariffs – Learners will critically examine the advantages and disadvantages of using an optimum subsidy instead of tariffs, considering factors like trade retaliation, government budget constraints, and long-term economic growth.</li> </ol>
<p><b>5. International Financial Policy (T-10)</b></p>	<p>23. The International Monetary System and the Bretton Woods Institutions.</p>	<ol style="list-style-type: none"> <li>1. Describe the evolution and structure of the international monetary system.</li> <li>2. Analyze the objectives, creation, and collapse of the Bretton Woods System.</li> <li>3. Identify the main roles and functions of the International Monetary Fund (IMF).</li> <li>4. Examine the significance of Special Drawing Rights (SDRs) in global financial liquidity and IMF operations.</li> </ol>
	<p>24. Global Financial Institutions – World Bank, ADB, IDB</p>	<ol style="list-style-type: none"> <li>1. Understand the foundational goals and structure of the World Bank Group.</li> <li>2. Explore the regional development functions of the Asian Development Bank (ADB) and Inter-American Development Bank (IDB).</li> <li>3. Evaluate the effectiveness of these institutions in promoting infrastructure, poverty reduction, and sustainable development.</li> <li>4. Critically assess the role of multilateral lenders in supporting economic reform in</li> </ol>

		developing countries.
	25. The Uruguay Round and International Trade Agreements.	<ol style="list-style-type: none"> <li>1. Describe the Uruguay Round and its impact on global trade liberalization.</li> <li>2. Understand the transition from GATT to the WTO, and the significance of multilateral trade negotiations.</li> <li>3. Evaluate how Uruguay Round agreements affected trade in agriculture, services, and intellectual property.</li> <li>4. Analyze the implications of trade liberalization for developing countries.</li> </ol>
	26. Macroeconomic Policy Coordination and Financial Crises	<ol style="list-style-type: none"> <li>1. Explain macroeconomic policy challenges under a floating exchange rate system.</li> <li>2. Analyze coordination efforts among major economies to stabilize exchange rates and reduce global imbalances.</li> <li>3. Understand the causes and consequences of financial crises in developing countries, with key examples (e.g., 1997 Asia, 2008 Global Crisis).</li> <li>4. Evaluate policy responses and preventive strategies for managing external shocks and capital flow volatility.</li> </ol>
	27. International Investments, North-South Dialogue, and NIEO.	<ol style="list-style-type: none"> <li>1. Define international investment and identify its different forms (FDI, portfolio investment, etc.).</li> <li>2. Analyze the economic and political challenges in promoting investment in developing countries.</li> <li>3. Understand the North-South Dialogue and the push for a New International Economic Order (NIEO).</li> <li>4. Critically evaluate the relevance and limitations of NIEO in today's global economy.</li> </ol>
<b>6. International Trading and Trade Organizations (T-03)</b>	28. Theories of Tariff and Protection Concept of Effective Protection.	<ol style="list-style-type: none"> <li>1. Define Tariffs, Protectionism, and Effective Protection – Learners will be able to explain the concepts of tariffs, protectionist policies, and the effective rate of protection in international trade.</li> <li>2. Describe the Different Theories of Tariffs and Protectionism – Learners will be able to outline key theories related to tariffs and protection, such as the infant industry</li> </ol>

		<p>argument, revenue generation, and national security considerations.</p> <ol style="list-style-type: none"> <li>Analyze the Economic Impact of Tariffs and Protectionist Policies – Learners will be able to assess how tariffs and protectionist measures influence domestic industries, trade balances, and consumer welfare.</li> <li>Evaluate the Effectiveness of the Concept of Effective Protection in Trade Policy – Learners will critically examine the advantages and limitations of effective protection, considering factors such as supply chain integration, tariff escalation, and global competitiveness.</li> </ol>
	<p>29. Nominal and Effective Rates- Methods of calculating Effective rates- Normative Aspects of Protection- Tariffs Vs. tax Subsidy policies.</p>	<ol style="list-style-type: none"> <li>Define Nominal and Effective Protection Rates – Learners will be able to explain the concepts of nominal and effective protection rates and their significance in trade policy.</li> <li>Describe the Methods of Calculating Effective Protection Rates – Learners will be able to outline the formula and key steps involved in determining the effective rate of protection, considering input tariffs and value-added components.</li> <li>Analyze the Normative Aspects of Protectionism – Learners will be able to assess the economic justifications for and against protectionist policies, considering their impact on efficiency, equity, and market distortions.</li> <li>Evaluate the Effectiveness of Tariffs vs. Tax Subsidy Policies – Learners will critically compare the advantages and disadvantages of tariffs and tax subsidy policies as tools for protecting domestic industries, examining their effects on government revenue, consumer prices, and international trade relations.</li> </ol>
	<p>30. Optimum tariff.</p>	<ol style="list-style-type: none"> <li>Define the Concept of Optimum Tariff – Learners will be able to explain the meaning of an optimum tariff and how it differs from other types of tariffs in international trade.</li> <li>Describe the Mechanism of an Optimum Tariff – Learners will be able to outline how an optimum tariff maximizes a country's welfare by improving its terms of trade without triggering excessive retaliation from</li> </ol>

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<b>7. International Finance (T-10)</b>	31. Assessing the Investment Climate in Bangladesh.	<ol style="list-style-type: none"> <li>Define the concept of <i>investment climate</i> and explain its components (e.g., infrastructure, regulation, political stability, financial system).</li> <li>Analyze the current state of Bangladesh’s investment climate using indicators such as the Ease of Doing Business Index and Global Competitiveness Index.</li> <li>Identify the key barriers to investment in Bangladesh, including regulatory, institutional, and infrastructural challenges.</li> <li>Evaluate recent policy initiatives and reforms aimed at improving the investment climate in Bangladesh.</li> </ol>
	32. Foreign Private Investment in Bangladesh.	<ol style="list-style-type: none"> <li>Define <i>foreign private investment (FPI)</i> and differentiate it from official development assistance and public investment.</li> <li>Examine the trends and sectors attracting foreign private investment in Bangladesh.</li> <li>Analyze the role of institutions like BOI (now BIDA) and EPZs (Export Processing Zones) in facilitating foreign investment.</li> <li>Assess the economic impact of foreign private investment on Bangladesh’s growth, employment, and technology transfer.</li> </ol>