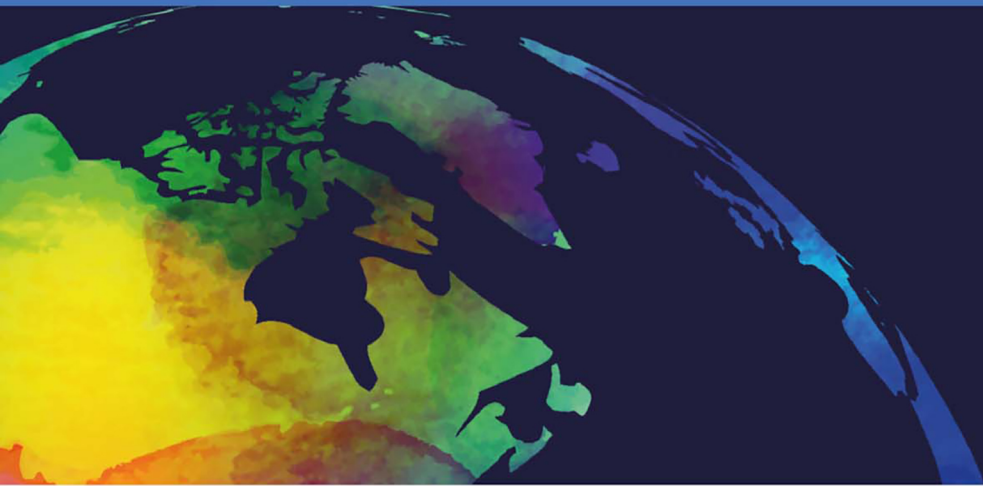


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Absolute Essentials of International Economics

THOMAS R. SADLER



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Thomas R. Sadler is Professor of Economics at Western Illinois University. He teaches courses on the Global Economic Environment, Fundamentals of Economic Theory, Environmental Economics, Energy Economics, and the Chicago Economy. His research focuses on environmental policy, energy economics, professional sports leagues, and high-performance organizations.

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Absolute Essentials of International Economics

Thomas R. Sadler

First published 2024

by Routledge

4 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

and by Routledge

605 Third Avenue, New York, NY 10158

Routledge is an imprint of the Taylor & Francis Group, an informa business

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British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloguing-in-Publication Data

Names: Sadler, Thomas R., author.

Title: Absolute essentials of international economics / Thomas R. Sadler.

Description: Abingdon, Oxon ; New York, NY : Routledge, 2024. |

Series: Routledge absolute essentials in business and economics |

Includes bibliographical references and index.

Identifiers: LCCN 2023051115 | ISBN 9781032563152 (hardback) |

ISBN 9781032563084 (paperback) | ISBN 9781003434900 (ebook)

Subjects: LCSH: International economic relations.

Classification: LCC HF1359 .S228 2024 | DDC 337--dc23/eng/20231121

LC record available at <https://lcn.loc.gov/2023051115>

ISBN: 978-1-032-56315-2 (hbk)

ISBN: 978-1-032-56308-4 (pbk)

ISBN: 978-1-003-43490-0 (ebk)

DOI: 10.4324/9781003434900

Typeset in Times New Roman

by MPS Limited, Dehradun

Access the Support Material: www.routledge.com/9781032563084

For Holly, Maya, and Mathew with love.



Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

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Acknowledgments

I thank Routledge for publishing this book. At every step of the writing process, Chloe Herbert and Michelle Gallagher provided helpful feedback and encouragement. It has been a pleasure working with them.

Professionally, I benefit from the interaction with many colleagues, including Tara Feld, Jessica Lin, Manda Tiwari, Aastha Gupta, Shankar Ghimire, Jobu Babin, Braxton Gately, Alla Melkumian, and Haritima Chauhan. Thank you for our ongoing conversations about economics and life. I thank the WIU Foundation and Office of Sponsored Projects for helpful funding with this project.

Personally, I enjoy the support from a wonderful family, including Judy, Charles, Laura, Chris, Mark, Fred, and Rick.

I dedicate this book and all of my work to Holly, Maya, and Mathew. I love you very much.

Thomas R. Sadler

An Overview of the Book

The book includes two parts. Chapter 1 introduces the topic of international economics. Part I addresses the fundamentals of international economics, including the structure of the global economy (chapter 2), international trade (chapter 3), trade policy (chapter 4), trade agreements (chapter 5), international factor movements (chapter 6), international monetary system (chapter 7), foreign exchange market (chapter 8), and developing countries and the global economy (chapter 9). Part II considers special topics in international economics, including the coronavirus pandemic as a global economic shock (chapter 10), the emerging BRICS economies (chapter 11), and the economic implications of Brexit (chapter 12). In Part II, instructors interested in specific topics may cover the chapters in any order.

Executive Summary

Each chapter begins with an executive summary, which provides a brief review of the chapter's material. Students using the book are encouraged to read the executive summary before beginning each chapter and then returning to it upon completion.

1 Introduction to international economics

ESSENTIAL SUMMARY

Globalization, the growing level of interconnection between countries, companies, and individuals, serves as the driving force for global economic change. Current global economic trends stem from world events that occurred in the 1990s, including the fall of the Soviet Union. The World Bank designates the economies of the world by four income groups: high, upper-middle, lower-middle, and low income. The study of international economics uses the same tools as other areas in the field of economics, including economic models. An analysis of the global economy demonstrates that most production stems from privately owned means of production in decentralized markets. Three factors contribute to the process of economic growth: accumulation of capital stock, increases in economic resource inputs such as labor, and technological advances.

Uneven effects

The economic forces that characterize the modern age, including international trade, expanding markets, networks of exchange, and global supply chains, have led to prosperity for many, but not all, of the world's inhabitants. **Globalization**, the growing level of interconnection between countries, companies, and individuals, serves as the driving force for these processes. It liberalizes trade, maximizes efficiency, and opens markets. As globalization occurs, rising income levels accompany economic growth. Other benefits exist. Consumers enjoy imports from countries around the world. Advances in innovation and technology increase the world's level of interconnection. Expanding access to goods and services, investment, and economic systems leads to