

International Economics

By

Sebastiana Viphindrartin¹, & Suryaning Bawono²

¹An Academic and Economic Researcher at the Economics Department, Faculty of Economics and Business, University of Jember, Indonesia

²Business Owner, Chairman, CEO of several national companies in Indonesia and outside Indonesia, Head of Research Journal Publication at Tamansiswa State College of Economics, Malang-Indonesia

Triple Nine Communication Press
Singapore 2021

International Economics

© Triple Nine Communication Press

Singapore 2021

142 pages, 8.5 inch x 11 inch

ISBN : 978-1-68474-344-5

Author : Sebastiana Viphindartini (Indonesia) , Suryaning Bawono (Indonesia)

Editor : Adriana Assyami (German), Lilik Sumarsih (Indonesia), Rian Pratama Putra (Indonesia)

Layout : Alex Norish (German)

Cover Design : Alejandro Gonzalo (Spain)

Translator : Lilik Sumarsih (Indonesia), Dian Sutejo (Indonesia), Alejandro Gonzalo (Spain)

Photos and Illustrations :

Albin Berlin (Sweden), Andrea Piacquadio (Hungary), Andrew Wilus (Poland), Anna Nekrashevich (Belarus), Anna Tis (Russia), Artem Podrez (Belarus), Benjamin Dreaan (France), Christina Morillo (USA), George Becker (Holland), Julius Silver (Germany), Karolina Grabowska (Poland), Lukas (Czech republic), Martin Damboldt (Germany), Mat Reding (French), Michael Steinberg (UK), Nataliya Vaitkevich (Spain), Polina Zimmerman (Russia), Rafael de Campos (Portuguese), Ryutaro Tsukata (Japan), Sebastian Voortman (Canada), Sora Shimazaki (Japan), Suryaning Bawono (Indonesia), Tima Miroshnichenko (Russia), Tom Fisk (Indonesia), Valentin Antonucci (France).

Published on 21 March 2021

In Singapore

Published on 23 March 2021

In Madrid

By

Triple Nine Communication Press

No 7 Temasek Boulevard#12-07

Suntec Tower One

Singapore, 038987

Singapore

Website : tripleninecommunication.com

Email : helo@tripleninecommunication.com

In collaboration with PT.Frost Yuniar and STIE Jaya Negara Taman Siswa Malang

Distributed by Triple Nine Communication and partners.

Note : It is prohibited to quote or reproduce part or all of the contents of this book in any way, without the written permission of the publisher. This book is distributed to **78 countries** on **4 continents** (ASIA, EUROPE, AMERICA, AFRICA) **with various publishers and partner distributors**. You may find and purchase this book with the triple nine communications partner publisher in your country. You may also find this book published with a different ISBN from the official publications in Singapore and Madrid because partner publishers publish with different versions and with different ISBNs.

Foreword

This International Economics Textbook is for reading material written to enrich course material in the field of International Economics related to Theory and Practice and policies, including on Import-Export.

This book is the result of the collaboration of a business practitioner who has more than 10 years of experience in the field of international business and an academician and researcher who has studied economic theory and research for more than 20 years.

This book discusses a lot about economic theories in international trade and the direction of its policies, including practical international business guides that can be a basis for understanding in developing international business along with general government policies in terms of international economic policies that are often encountered in international business practice. The things discussed in this book are very important to be studied as a basis for understanding international economics for both students and practitioners of decision-making in companies who want to develop an international scale business.

This textbook contains four subjects which include:

1. Introduction
2. International Economic Theory
3. International Economic Policy
4. International Business

The four subjects are expected to provide provisions for students to understand international economics and to understand international business and trade practices as well as to understand the economic conditions of export destination countries and/or import destination countries if students continue their studies in the field of international business and trade and practice in the real world.

The author collaborates to bring together experience and knowledge in the field of international economics with the hope of providing an overview and transfer of knowledge to students who want to become entrepreneurs or practitioners of international business as well as teaching materials for students studying international business and the economy.

The author is working hard to develop this book to its full potential for students. However, constructive criticism and suggestions are open to writers for all parties for the sake of perfection in the development of international economics textbooks.

Best regards

Dr. Sebastiana Viphindartin¹, & Suryaning Bawono S.E.M.Si²

¹An Academic and Economic Researcher at the Economics Department, Faculty of Economics and Business, University of Jember, Indonesia

²Business Owner, Chairman, CEO of several national companies in Indonesia and outside Indonesia, Head of Research Journal Publication at Tamansiswa State College of Economics, Malang-Indonesia

Table Of Content

Content	Page
Introduction to International Economics	
Chapter 1. Definition of International Economics	1
1.1. International Economy and International Trade	10
1.2. Currency, Monetary Policy and International Trade	19
Chapter 2. The Relationship Between International Economics and Business	26
2.1. Globalization and the International Economy	37
2.2. International Business and International Organizations	44
International Economic Theory	
Chapter 3. Advantage Theory	50
3.1. Absolute Advantage / Absolute Cost: Adam Smith	51
3.2. Comparative Cost: David Ricardo	56
3.3. Comparative Advantage: J.S Mill	61
Chapter 4 Cost and Demand Theory	64
4.1. The Proportional Factors Theory: The Hecksher & Ohlin Model	66
4.2. Factor Price Equalization	72
4.3. Supply and Demand Theory	75
International Economic Policy	
Chapter 5. Understanding International Economic Policy	77
5.2. International Economic Policy Tools	85
5.2.1. Tariffs	87
5.2.2. Quota	91
5.2.3. Subsidies	94
5.2.4. Dumping	97
Chapter 6. Exchange Control	104
6.1. History of Exchange Control	108
6.2. The purpose of Exchange Control	111
International Business	
Chapter 7. Understanding International Business	115
7.1. General International Business Activities	120
7.2. International Business Barriers	125

List of Tables

Content of Table	Page
Table 4.1. Gain Trade matrix based on H-O theory	69

List of Figures

Content of Figure	Page
Figure 4.1.1. An example of an isocost curve	69
Figure 4.1.2. Differences in the price of production factors	71
Figure 4.2. The similarity in the price of factors of production	73

List of Photos

Photo Description	Photographer	Country	Page
Cover of Introduction to International Economics	Suryaning Bawono	Indonesia	
Illustration of international economics	Andrea Piacquadio	Hungary	1
International Trade Illustration	Rafael de Campos	Portuguese	10
Currency illustration	Anna Tis	Russia	19
International Business Illustration	Christina Morillo	USA	26
Globalization Illustration	Valentin Antonucci	France	37
Illustration of Technological Development	Christina Morillo	USA	40
International Business Illustration	Sora Shimazaki	Japan	44
United Nations in Genève, Suisse	Mat Reding	French	46
Cover of International Economic Theory	Benjamin Drean	France	
Advantage Theory Illustration	George Becker	Holland	50
Absolute Advantage Illustration	Sebastian Voortman	Canada	51
International Cargo in Hamburg	Julius Silver	Germany	56
International Market Analysis Illustration	Artem Podrez	Belarus	61
International Cargo in Jakarta	Tom Fisk	Indonesia	64
International merchant ships	Andrew Wilus	Poland	66
Currency of various countries	Ryutaro Tsukata	Japan	72
Supply and demand illustration	Nataliya Vaitkevich	Spain	75
Cover of International Economic Policy	Lukas	Czech republic	
International Policy Illustration	Andrea Piacquadio	Hungary	77
Illustration of Globalization	Polina Zimmerman	Russia	80
Multinational Corporate Illustration	Tima Miroshnichenko	Russia	85
Illustration International Currency	Ryutaro Tsukata	Japan	87
Export-Import Illustration	Albin Berlin	Sweden	91
Illustration of Subsidies	Karolina Grabowska	Poland	94
Illustration of Industrial Estates	Tom Fisk	Indonesia	97
Currency exchange rate illustration	Anna Nekrashevich	Belarus	104
Gold Standard Illustration	Michael Steinberg	UK	108
Cover of International Business	Christina Morillo	USA	
International Business Meeting Illustration	Sora Shimazaki	Japan	115
Illustration of international business activity	Martin Damboldt	Germany	120
Trade Agreement Illustration	Sora Shimazaki	Japan	125



Photo by Suryaning Bawono (Indonesia)

Introduction to International Economics

Definition of International
Economics

The Relationship Between
International Economics and
Business

Chapter 1

Definition of International Economics



Illustration of international economics, Photo by Andrea Piacquadio (Hungary)

Like other major fields of economics, international economics consists of many theories and models, some of which are more mathematical. The field assesses the impact of trade and investment between countries, including international trade agreements or applicable policies that can have an impact on such trade and overall economic growth.

The international economy can also be considered part of the political sector and international relations, which are discussed further below. Dominantly,

the international economy is broken down into two distinct areas - international trade and international finance.

International trade examines how goods and services move across international borders by applying a microeconomic framework that includes modelling and analysis. Thus, when examining international trade issues, it is not uncommon to look at factors such as:

Supply and demand; Customer and market behaviour; The differences between countries' trade policies; and Trade quotas or trade negotiations in place and their consequences. On the other hand, international finance studies the flow of capital between international borders by applying macroeconomic principles. The areas included in the area of international finance are:

Foreign exchange rates and currency movements, including the difference between fixed and floating exchange rates; Balance of trade and payments between economies; GDP, inflation, and employment rates, in a comparative international context.

To begin studying international economics, it should be preceded by first examining what international economics is and what is the position of international economics in Economics. Broadly speaking, Economics is divided into three parts, that is:

1. Descriptive economics (descriptive economics): economics that explains and describes the existing economic phenomena.
2. Theory economics: economics that studies the theoretical processes of economic life, namely the way an economic system lives and works. This

theoretical economics is divided into two, namely: Microeconomic Theory and Macroeconomic Theory.

3. Applied economics: economics that studies the application of the general basics of analysis provided by theoretical economics to explain the causes and importance of events in descriptive economics.

Based on the division of economics as above, International Economics according to the discussion material can be said to include the three parts of economics mentioned above. This means that in the discussion of international economics there are topics that are descriptive, theoretical and applied. Descriptive economic elements you will encounter when you study chapters relating to international and regional economic institutions, such as: International Monetary Fund, World Bank or International Bank for Reconstruction and Development, the World Trade Organization, and Association of Southeast Asian Nations.

The elements of theoretical economics, among others, can be found in theories that suggest the occurrence of trade between countries, such as the Absolute Advantage theory proposed by Adam Smith, and the Theory of Comparative Advantage proposed by David Ricardo and John Stuart Mill. Meanwhile, you can find applied economics on issues related to international policy or foreign economic policy. Meanwhile, International Economics is a field of study that studies the implications of international trade in goods and services and investment or international finance. Broadly speaking, there are two sub-fields of study in international economics, namely: international trade and international finance.

The definition of international trade is a field of study that applies microeconomic models to help understand international economics. Where in international trade, among others, includes the tools and instruments that you are familiar with in the microeconomics course, namely: demand and supply analysis, producer and consumer behaviour, perfect competition, oligopoly and monopolistic market structures and the effects of market distortions. The aim of this field of study of international trade is to understand the effects on individuals and businesses of international trade itself, changes in trade policies and changes in economic conditions. Apart from elaborating on arguments in favour of free trade policies, international trade also discusses arguments in favour of various types of protectionist policies.

The international economy is the study of how much scarce resources are allocated to meet the needs of human life within the scope of international life. This means that the problem of resource allocation is studied in terms of the relationship between the economic actors of a country and other countries. International economics tries to explain how economic relations between one country and another can affect the allocation of resources either between two countries or between several countries. There are many forms of relations in relation to this international economy, including trade, investment, loans, assistance and international cooperation. The actors who carry out international economic relations include government, private sector and international organizations.

International economics includes several aspects, both micro and macro aspects. The micro aspect, for example, relates to the issue of buying and

selling internationally (export-import), where this trading activity depends on the conditions of the production market as well as the production factor market, also includes foreign investment transactions, international transactions that are unilateral in nature and the balance of payments. Meanwhile, the macroeconomic aspect, for example, concerns issues where each market is interconnected with one another which can affect income or employment opportunities.

Several facts in international economic relations, among others, are the export-import relationship of goods, exchange rates of several foreign currencies (currencies) and several types of services that arise as a means of international relations. These facts in themselves raise important problems for the countries involved in it. International economic problems can be said to have arisen after the first world war (Young & Kent,2020). After the end of the first world war, many countries reduced their imports in order to reduce unemployment and protect domestic industries that were growing after the war. As a result of such a sharp reduction in imports, the volume of international trade was reduced compared to before the great war, and the depression was widespread. After 1993 the volume of international trade increased again, although not as high as the amounts that had been achieved in previous years.

The implementation of international economic activities can occur in the form of cooperation, assisting assistance between one country and another. The process of how the international economy is carried out, what are the causes, what are the benefits and consequences, all of these are questioned and how far theories in international economics can solve.

When we talk about international economic goals, then we can divide it into two more specific parts, namely the objectives of economic theory and the objectives of international economic policy. In general, the purpose of international economic theory is to make predictions, describe and explain these predictions. That is, international economic theory performs an abstraction from the details around economic events to separate several variables and relationships that are considered the most important in predicting and explaining economic events. In line with this, the explanation of international economic theory always assumes that the world consists of two countries, two commodities, and two types of factors of production. In addition, the international economy also assumes that there are no trade restrictions, perfect mobility of production factors within a country, but no mobility between countries, perfect competition in the market for all types of commodities and factors of production, and no transportation costs.

When viewed from the policy, in general, there are 6 main objectives of international economic policy, namely: autarchy, economic welfare, protectionism, stable levels of high employment, the balance of payments favourable balance of payments, and economic development (economic development). The international economic policy continues to develop and experience changes from time to time. Some of the main contemporary issues related to international economic policy today include: maintenance of the global multilateral trading system, international competitiveness, economic integration, new protectionism, the emergence of newly industrialized countries (NICs), transition from a centrally planned economy

to a market economy, exchange rate instability, debt burden developing countries, environmental protection, control of multinational companies.

Economic life seems inseparable from the elements of everyday life. Economic life is very close to all human interactions because indeed economic life has become a definite item, an activity that must be carried out by humans. Economic life can be carried out in the smallest environment even to international economic life which of course has more and more complicated provisions. In fact, the existing provisions are an agreement of previous people who have done the same thing to be continued by the next generation.

International economy? What do you think about when you heard the word international economics? Yes, that is true. Economic activities carried out on the international scene. Well, to be precise, international economics is one of the branches of economics which in this study is discussed and studied and also analyzes transactions and problems in the international economy itself, one of which is export and import activities. In addition, trade and financial and monetary affairs as well as government-owned and non-government economic organizations that have a linkage of interaction between countries are also part of the international economy. Because they are considered to be one of the branches of the existing economics, the problems that arise in reality do not have in stark contrast to the existing problems of the applications of the economics you are usually familiar with. One of them is regarding product selection and the scarcity of products, both goods and services, which usually have a lot of demand from the public.

For that, for those of you who are really interested in international economics, there are a number of rights that you need to know about some of the following characteristics in relation to the international economy:

1. Open market conditions or what is known as market liberation as well as the large flow of money transfers that are increasingly sophisticated with increasingly developing technology.
2. Continued emergence of multi-national companies where these companies have an impact on economic dependence on the country that owns the company.
3. The emergence and emergence of all the competition are getting tougher from day to day between several countries and companies in their efforts to improve product quality, company performance, work effectiveness and efficiency.

The aim of international economic activity is to be able to increase the prosperity of a country that is better for all levels of society. Well, this goal can be achieved if there are various kinds of international economic activities, such as export-import, insurance, crediting, investment, and other fields.

International Economics is a branch of economics that studies and analyzes transactions and problems in International Economics (Export-Import), which includes trade and finance or monetary and economic organizations (private and government) and economic cooperation between countries. As part of economics, the main problems faced by international economics are the same as economics, namely the problem of product scarcity and the

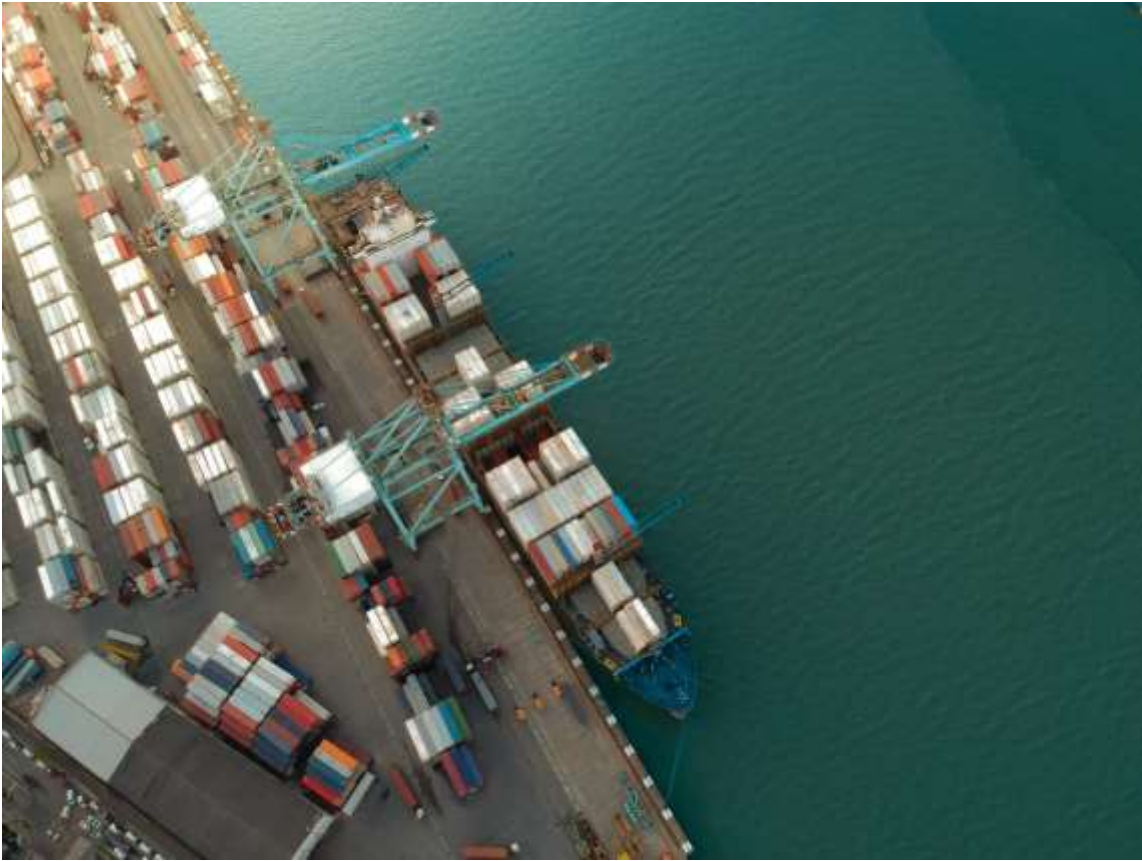
problem of product choice, which means that products are goods and services as well as ideas that are needed and produced by humans.

The problem of scarcity and choice of goods (goods and services and ideas) arises because of the demand and supply of unlimited needs and wants and unlimited wants and demand and supply of resources. These economic problems can be international in nature because of the demand and supply that comes from within the country and from abroad.

The importance of international economic studies because at this time the influence of world economic globalization is marked by characteristics, namely: Market openness or market liberalization and the flow of money and technology transfer. The dependence of a country's economy on the outside world where Multi-National companies exist.

Competition is getting tighter between countries or between companies to increase: optimal productivity, efficiency, and effectiveness. As a consequence of globalization, the study of International Economics is very important to measure the ability of a country in the arena of globalization. The international economy includes all economic activities carried out between countries, nations and between individuals from one State to another.

1.1. International Economy and International Trade



International Trade Illustration, Photo by Rafael de Campos (Portuguese)

Understanding of international economics due to international trade. Where in conducting international trade an understanding of the international economy is required. So it becomes a natural thing if international economics is a branch of economics that studies economics in a definitive, theoretical and practical or applicable way.

The definition of international trade is trade carried out by residents of a country with residents of other countries on the basis of mutual agreements (Berman,2020). The population in question can be between individuals (individuals with individuals), individuals and companies from other

countries, between individuals and the government of a country or even between the government of a country and the government of another country. This activity is the process of exchanging goods and services from one region to another. This activity arises because of the differences in the needs and resources of each trading actor.

In this era of globalization, technology is increasingly developing so that it helps trade activities between countries and between continents. Trade between countries and between countries is referred to as international trade which has two main activities, namely exports and imports.

Import is the entry of goods and so on from abroad into the country (Krueger,2020). The goods in question are goods in physical form as well as services. With imports, the fulfilment of a country's needs can be fulfilled. Imports are useful for filling the void of goods or services that cannot be produced by the country itself. Meanwhile, export, as opposed to importing, is the activity of selling goods or services abroad.

International trade can occur due to several factors. The first factor, among others, is that countries involved in trading activities have different resources from one another. And the second factor is that countries involved in trading activities are equally active in producing certain goods with large quantities and good quality. This makes the two countries interact with each other to trade. For example, Indonesia is able to produce large quantities of palm oil (Pinstrup-Andersen & Watson II,2011). However, Indonesia cannot afford to grow wheat for wheat flour which is widely used as raw material for noodles and bread (Booth,2016). Meanwhile, Australia is able to harvest

large quantities of wheat, but it does not have the ability to produce palm oil (Murrell et al,2020 ; Brunn et al,2020). So, Indonesia and Australia trade with each other in superior products of palm oil and wheat kernels. Therefore, international trade which includes both export and import processes is very influential for state income.

Another factor is that each country has different technology so that the goods produced are also different. These differences encourage the exchange of goods between countries. These technological differences allow a country to learn more modern production techniques and import more modern machines or tools to realize better production techniques and methods.

International trade has benefits for both countries making transactions (McNutt & Hoefler,2020). The benefit is to meet the needs of the people of a country for goods and services. Remember that the meaning of international trade is exchange across national borders. It should be remembered that no country in the world is able to meet its own needs. Earlier it was shown that Indonesia has coal mining products and palm oil plantations that produce palm oil. However, Indonesia needs wheat to be processed into flour from Australia. In Australia, there are many fields that produce abundant wheat. However, Australia does not produce as much palm oil as Indonesia.

Export growth and trade openness are very important to explain the differences in a country's income growth. Economic growth is an indicator of the success of a region or country. International trade activities allow each country to specialize in the production of goods it can make efficiently.

Trade can create profits by providing opportunities for each country to export various kinds of goods it produces by utilizing some of the country's abundant resources and importing various resources that are classified as scarce in that country.

International trade is a trade between a country and a country that includes the export and import process which greatly affects state income. International trade involves currencies as buying and selling transactions between countries and the laws that are used under international law.

International trade can involve two or more countries in exchange for goods or services. The activities of the two countries are called exports and imports. Import is the activity of entering or buying goods or services from abroad. According to the Big Indonesian Dictionary, the import is the entry of goods and so on from abroad into the country. The goods in question are goods in physical form or services. With imports, the fulfilment of a country's needs can be fulfilled. Imports are useful for filling the void of goods or services that cannot be produced by the country itself. Meanwhile, export, not import, is the activity of selling goods or services abroad.

Foreign trade deals with different currencies between two different countries. So it requires conversion between one currency if it is expressed in another currency. This conversion is known as an exchange rate or exchange rate. The exchange rate depends on the exchange rate systems used by the two countries, such as a fixed exchange rate system, a flexible/floating exchange rate system, or a manageable floating exchange rate system.

In a fixed exchange rate system, the exchange rate is determined by the value determined by the government. Conversely, in a free exchange rate system, the exchange rate is determined by the market or the interaction between the supply and demand for the currency. Whereas in a controlled floating exchange rate system, as long as the exchange rate fluctuates within a certain limit, the government does not interfere by selling or buying currencies.

International trade has experienced rapid growth and development over the past 3 decades (Oqubay & Lin,2020). Various factors such as technology, the internet, cooperation between countries, and free markets support this development. International trade is the most important component in the globalization process. Businesses and governments from all over the world can conduct international trade. Thus, each country will benefit and be able to increase domestic economic growth.

Directly, the effects of international trade can be felt with resource allocation and efficiency. Indirectly the goal is to increase investment. In general, international trade can be defined as buying and selling activities carried out by two parties from different countries. This system involves countries, individual parties, and companies that trade with parties from other countries.

Every country, agency, a private company, or individual involved in international trade must really understand and understand the management of international marketing and its target markets. International trade has advantages for both countries making transactions. No country is able to

meet its own needs. For example, Indonesia has coal mining products and oil palm plantations that produce palm oil. However, Indonesia needs flour to be processed into flour from Australia. In Australia, there are many fields that produce an abundance of wheat. However, Australia's palm oil production is not as high as Indonesia's.

Its main purpose is to meet a need in a country that is not available in that country, but that need exists in another country. For example, Indonesia needs machine products, but these products are only available in Japan. So that Indonesia and Japan can carry out international trade. This occurs on the basis of the needs of both parties who carry out a trade that will benefit both parties. The country that provides the goods will benefit from the goods sold, while the country that buys the goods will have its needs met.

International trade encourages freedom in economic activity so that it can be an opportunity to increase the country's wealth. In addition, economic freedom is able to encourage all producers to improve the quality of their goods in order to compete in the international market (global). Although every country has different trade rules, economic freedom makes interactions between countries easier. The difference in natural resource wealth in each country is quite different so that it requires a country to interact with other countries to meet the needs of the country.

Basically, no country can meet all the needs of its own population. This is what triggers a country to carry out trade cooperation with other countries or what is commonly called international trade.

International trade is carried out to meet a country's needs for goods or services that cannot be produced domestically due to certain factors. International trade activities can be carried out by residents of a country with citizens of other countries, individuals from different countries, individuals with the government of another country, or governments from one country to another. Based on the participating countries, international trade is divided into three types, including bilateral, regional and multilateral trade.

International trade activities have actually been going on for thousands of years BC (Wilmsmeier & Monios,2020). Along with the development of communication and transportation technology, trade activities between countries have become increasingly smooth. Therefore, currently, international trade is an important aspect of the economic growth of every country. Many countries take advantage of international trade to increase Gross Domestic Product (GDP).

Trade between countries is also useful for forming friendly relations with other countries. If relations between countries run well, it is likely that the cooperation between the two will develop into many sectors and are not limited to trade. This cooperation can also penetrate other fields such as culture, politics, education, military, and technology. The ongoing international trade will make a country specialize in one economic sector. In that sense, the country and its residents will have special skills that are different from other countries in producing goods and services.

The indicators of a country's prosperity can be seen from the activities of economic actors including producers, consumers and the government. The

existence of international trade activities will bring prosperity to each of these economic actors.

Producers will experience prosperity if they can increase their profit by raising the sales figures for goods or services to various countries with few tariff or non-tariff barriers. Meanwhile, consumers will experience prosperity if they are able to increase utility by increasing consumption without being hindered by the difficulty of obtaining goods or services that are not produced domestically.

The government also benefits if it conducts international trade because the source of the country's foreign exchange income will increase if the export value is higher. If the foreign trade market expands, the activities of producing goods or services in a country will also increase. Due to this, the need for labour has also increased in various sectors. If this happens, the unemployment rate will automatically decrease.

International trade also plays a role as a means of mobilizing science and technology, especially from developed countries to developing countries. International trade will allow a country to export goods based on technological sophistication such as modern machines and tools to countries that are more in need. So thus, the faster the technology mobilization in the importing country will be.

International trade can also indirectly control the prices contained in a country's domestic market. With international trade, scarcity of goods which results in high prices can be overcome through imports to increase stock in

the domestic market. Conversely, if the country has excess stock which causes the price of goods to be cheap, export activities can be carried out to reduce goods.

Although international trade cooperation brings many benefits to the countries involved, this economic activity can also have negative impacts. The existence of this international trade will contribute to industrial competition between countries. If the industry in a country has low-quality goods production and prices are relatively expensive compared to other countries, then the country will experience a decrease in the amount of demand. This is because consumers tend to look for goods with good quality and affordable prices.

In terms of the production of goods, developing and poor countries have a quite high dependence on developed countries in production factors, especially those related to technology. Meanwhile, in terms of the consumption of goods, the development of electronic and automotive goods has been increasingly controlled by developed countries. As a result, the majority of poor and developing countries are still consumers.

Limited capital is often an obstacle for small industries to develop themselves. International trade activities have the potential to further limit the space for small industries because they have to compete with national and multinational industries that have bigger capital. The government's move to win the competition in international trade, by making a number of policies such as dumping and import tariff practices, is inappropriate. This

strategy undermines the essence of international trade which should be based on the principle of fair business competition.

1.2. Currency, Monetary Policy and International Trade



Currency illustration, Photo by Anna Tis (Russia)

Every international trade occurs because of differences in currency exchange rates between countries that conduct international trade. This makes international business people in need of exchange of money.

Of course, the exchange rate of each currency in the world is different and there are strengthening and decreasing exchange rates which also have an impact on international trade, including competition or product competitiveness in international markets. One of the currency exchange

phenomena is the phenomenon of devaluation, which is a policy taken by the government of a country that is involved in international trade.

Devaluation is a monetary policy undertaken by the government to reduce the value of the domestic currency. Moreover, foreign currency is very influential in international trade. The aim of devaluation is to stabilize the value of the domestic currency and to maintain the value of export-import and to maintain the value of the country's foreign exchange.

Devaluation is often mistaken for depreciation or the opposite of revaluation, which refers to the readjustment of currency exchange rates (Simmons,2020). One of the reasons a country can devalue its currency is to combat trade imbalances.

Devaluation is a government policy in reducing the value of a country's local currency against the value of the foreign currency. This means that a country's currency has an exchange rate or price that is getting cheaper internationally.

This state of devaluation will greatly impact a country's economy, especially on international trade activities. Devaluation can reduce a country's export costs so that it is more competitive in the global market which can increase import costs. This can cause domestic consumers to tend not to buy export products and strengthen domestic businesses.

As exports increase and imports decrease, this supports a better balance of payments by reducing the trade deficit. This means that a country devaluing

its currency can reduce the deficit due to the strong demand for cheaper exports.

Devaluation is often mistaken for depreciation or the opposite of revaluation, which refers to the readjustment of currency exchange rates. One of the reasons a country can devalue its currency is to combat trade imbalances.

Devaluation can reduce a country's export costs so that it is more competitive in the global market which can increase import costs. This can cause domestic consumers to tend not to buy export products and strengthen domestic businesses.

As exports increase and imports decrease, this supports a better balance of payments by reducing the trade deficit. This means that a country devaluing its currency can reduce the deficit due to the strong demand for cheaper exports.

The impact of devaluation on trade, especially international trade, is to make the prices of domestically produced products cheaper. However, export destination countries also impose duties and tariffs to protect their industrial production.

In general, the definition of devaluation is a condition in which local currency has a lower price internationally. The result of this devaluation also greatly affects the economy of a country, especially in international trade activities.

Conversely, a strengthening of the currency exchange rate does not always have a positive impact on companies, as a weakening of the exchange rate does not necessarily have a negative impact on the company, because fluctuations in currency exchange rates will cause economic exposure in free trade.

Economic exposure is the rate at which the present value of a company's cash flows is affected by exchange rate fluctuations, international business transactions that require currency conversion reflect transaction exposure, transaction exposure occurs when the company's forecast of future cash transactions is affected by exchange rate fluctuations.

The opposite of devaluation is a revaluation. Revaluation is an increase in the value of a domestic currency against a foreign currency. If this happens, the government will step in so that the value of the domestic currency remains stable. The term revaluation is more often associated with an increase in the value of a country's money against the value of a foreign currency.

The important factor causing the devaluation is import activity. The high volume of imports of a commodity from abroad that is not matched by export activity that is commensurate with it will result in a higher demand for conversion of the value of local currency into foreign currency.

For example, conversion from rupiah to dollars. If the demand is higher, the buying rate against the dollar will increase and the value of the rupiah will decrease so that inflation occurs. Therefore, the government issued a

devaluation policy as a way to solve this problem so that state finances would stabilize again.

Apart from the high need for imports, devaluation can also be caused by export activities that only rely on foodstuffs and marine biota. It could also be due to the large level of unemployment in a country.

By lowering the value of the currency, the government is actually trying to encourage export activities and limit imports. This aims to improve the balance of payment (BOP) and balance of trade (BOT) positions so that they become equilibrium (equivalent / balanced) or at least close to equilibrium. With the achievement of the BOP balance, it is expected that the value of foreign exchange rates will be relatively stable.

When the value of foreign currency increases, the price of imported goods becomes more expensive than domestically produced goods. The hope is that the use of domestic products will increase because people tend to choose goods that are more affordable. But when this happens, there are also negative impacts

In the short term, devaluation can shift expenditure or switching expenditure from consumption of foreign products to consumption of domestic products.

This shift in consumption can result in an increase in the price of domestic goods and services because the demand for goods increases. So, this price increase will affect people's consumption which tends to fall. A decrease in

consumption can lead to a decline in economic activity which can lead to deflation.

In the continuation, these economic conditions can lead to an economic recession. In addition, local residents who have foreign debts will increase the value of their debts.

In the medium term, devaluation measures can improve balance of payment (BOP) and balance of trade (BOT) through the elasticity mechanism of export and import demand according to the Marshall-Lerner-Condition (Agenor,2020). Marshal Lerner's condition is a condition when real devaluation or real depreciation can improve the trade balance if the elasticity (absolute value) of import and export demand against the real exchange rate is more than one. In addition, devaluation can also improve the position of the balance of payment through a monetary mechanism.

Meanwhile, long-term impacts are usually the result of impacts that occur in the short and medium-term. This is the explanation, in the short term, there will be changes in product prices and a shift in consumption followed by an increase in the flow of capital or foreign exchange in the medium term. So, this impact will cause a shift in production or production switching, both concerning tradeable goods and non-tradeable goods. This shift in production can lead to changes in the structure of the national economy. Apart from these short, medium and long term impacts, there are several effects on the economy of a country.

Devaluation causes the price of foreign goods to become more expensive so that people will find it increasingly difficult to buy them. This will gradually change the mindset of people to buy domestic goods so that the volume of imports will decrease. On the other hand, the consumption of local goods will increase which can affect the income per capita of a country.

If the value of a local currency is low internationally, the price of local goods will also be considered cheap by foreigners. This will encourage demand for goods by the community abroad so that the export volume can increase. An increase in exports can increase the circulation of foreign currencies such as dollars in a country so that they can improve the balance of payment (BOP) and balance of trade (BOT) positions.

The devaluation condition can be a stepping stone for local entrepreneurs to compete in the international market. Local goods offered to people abroad will be increasingly diverse.

Even the prices of local goods that are considered cheap abroad change the mindset of foreigners so that they prefer cheap imported goods to their local goods which tend to be more expensive. In addition, this situation will also cause local entrepreneurs abroad to lower their prices.

Chapter 2

The Relationship Between International Economics and Business



International Business Illustration, Photo by Christina Morillo (USA)

The current era of globalization very clearly shows the relationship or the interconnection and dependence between nations and between people around the world (Stanzel,2019). One of the reasons for globalization is the tendency for everything to affect the world economy. Economic globalization is a process of economic activity and trade throughout the world into an increasingly integrated market activity without the constraints of national territorial boundaries. Talking about globalization cannot be separated from the international economy. In many ways, globalization has

the same characteristics as internationalization, so the two terms are often interchanged. International economics includes the problem of economic relations between one country and another. The economic relationship referred to here includes at least three different forms even though one is related to the other. This economic relationship can be in the form of an exchange of results or output, an exchange of production means or factors of production, and a relationship between accounts payable.

The definition of results or output includes the output of goods and service outputs. Output, whether in the form of goods or services, from a country, is exchanged for the output of another country. This exchange relationship is called a trade relationship. The second form of economic relationship is the exchange of production means or factors of production. What is meant by the means of production, for example, is capital, labour and technology. The third form of economic relationship is the debit and credit relationship. A country can have debts or receivables with other countries. This debt and credit relationship arises usually due to the existence of a trade relationship and an exchange relationship between the means of production.

Economic activities between nations that move towards economic interdependence. A global economy should not be considered as just a growing trade between countries in the world, because what is happening is a world economy moving towards a single economy, one economy and one market. Thus now there is no such thing as a pure national economy. The rest of the world is too big to ignore, both as a market and as a competitor. Therefore, we must teach students about international thinking in order to

understand international economic developments, despite the controversy over free trade and the international economy.

Some parts of economics that are always alive and controversial are the study of international trade and finance. Many of the basic rules of modern economic analysis emerged in the eighteenth and nineteenth centuries debating international monetary and trade policy. But never before has the study of international economics been so important as it is today. Thanks to international trade, both in goods and services, and the traffic of international finance, the economies of each country are now more closely related to one another than ever before.

At the same time, the world economy was becoming more and more volatile, a phenomenon that had never happened in the past decades. Coupled with changes in the international environment (international environment), the international economy is increasingly becoming a major concern, both in corporate strategy and in national economic policies.

International economics has two aspects, namely practical and scientific aspects. The practical side of international economics includes all economic activities carried out by economic agents (individuals or government bodies) from a country with the economic subject of another country. The scientific side of international economics is part of general economics, or as a branch of general economics and is a part which according to its properties can be used as an independent object.

International economics has a lot to do with monetary, conjunctive, national income issues, so that international economics can be categorized into macroeconomics, which is part of economics that studies economic problems as a whole (aggregate). Basically, economics is divided into three major parts, namely descriptive economics, theoretical economics and applied economics. Descriptive economics is a part of economics that focuses its discussion on economic life or economic institutions. Included in this section is economic history.

Theoretical economics is a part of economics that studies the theoretical processes of economic life, namely how an economic system lives and works. Theoretical economics is broken down into microeconomics and macroeconomics. Applied economics is the application of the general principles of analysis provided by theoretical economics to explain the cause and importance of events in descriptive economics. Where does international economics lie within the framework of general economics? Based on the three kinds of division of economics, international economics according to the area of the discussion material can be said to include the three parts of economics. This means that in the discussion and study of international economics there are discussion points that are descriptive, theoretical and applied economics. Descriptive elements of the international economy can be found in matters relating to international institutions, such as the IMF (International Monetary Fund), IBRD (International Bank for Reconstruction and Development), and other international agencies that have emerged as a collaboration of several countries internationally in the fields of economy, monetary and trade, such as ITO (International Trade Organization), IFC (International Finance Corporation), GATT (General

Agreement On Tariff and Trade), EPU (European Payment Union), Marshall Plan, and so on. The theoretical elements of international economics, among others, can be found in the theory which suggests the occurrence of trade between nations such as the theory put forward by Adam Smith (absolute advantage theory), Ricardo comparative cost theory, JJ Mill theory, Bertil Ohlin, Harold Domar, as well as theories that are Neo-Classical, Post Keynesian and so on. Applied economics in international economics can be found in matters of an international policy or foreign economic policy.

To meet human needs, traders have a very important role. Produced goods can be distributed to consumers through these traders. They buy goods to resell without changing the type/shape with the aim of making a profit is called trading. Now, trading activities are very broad. Trade has penetrated the territory between countries (international). This process of exchanging goods or services between one country and another is called international trade. The trade between these countries involves exporters and importers.

The factors that encourage trade between countries are several figures who put forward theories about the occurrence of international trade. These figures include Adam Smith and David Ricardo. Adam Smith put forward a theory called the Theory of Absolute Advantage (theory of absolute advantage) (Techera et al,2020). According to this theory, a country is said to have an absolute advantage over other countries if that country can produce goods or services that other countries cannot produce. For example, Indonesia produces liquefied natural gas. Japan does not have natural gas sources but is capable of producing cars. Thus, there was a trade-in good between Indonesia and Japan. Meanwhile, David Ricardo proposed a theory

about international trade called the Theory of Comparative Advantage (Andersson,2020). According to David Ricardo, a country's comparative advantage is if the country can produce a good or service efficiently and cheaper than other countries.

In international trade, of course, is carried out by business organizations or companies that carry out export and import activities. This international trading activity is a form of a business carried out by companies from various countries including micro, small and medium enterprises.

International business is a unit consisting of all forms of commercial transactions carried out by two or more countries. International business is a business whose activities cross national borders. This definition includes not only international trade and manufacturing overseas, but also service industries that are developing in fields, such as transportation, tourism, banking, advertising, construction, retail trade, wholesale trade, and mass communications.

Domestic business is a business activity that is clearly aimed at domestic business activities. A company engaged in domestic marketing may do this consciously as a chosen strategy or may subconsciously focus on the domestic market with the intention of avoiding the challenge of learning how to market overseas. International business is goes beyond domestic business and is not just export marketing, but is further involved in the marketing environment in the country where the company does business.

Multinational business is a multinational business, international marketing organizations begin by focusing on leveraging the company's experiences and products. The company realizes the differences and uniqueness of the environment within the country, determines a new role for it itself, and adapts the company's marketing to the unique needs and wants of that country's customers.

Global/transnational business, which is a business that focuses on exploiting the company's assets, experiences and products globally and making adjustments to what is truly unique is different in each country.

An international business is defined as an activity whose activities include business transactions between two or more countries. The parties involved in these activities include companies with companies or companies with local governments. International business activities are carried out across the borders of a country. Usually, the parties that carry out these activities are government companies, private companies, or a combination of the two parties. International business can be divided into 4 types, namely:

1. Foreign Trade

Foreign trade is an international business activity that is most often used by most countries. This type of international business activity tends to be synonymous with export-import activities. In export-import activities, the objects of goods that are often used are visible physical goods and commodities.

2. Trade-in Service

Trade-in services is an international business activity whose object of goods is also tangible goods. These objects can be insurance, banking, hotels, consultants, travel agencies, and transportation.

3. Portfolio Investments

Portfolio Investments are international business activities in the form of financial investments in other countries. Usually, investors give it in the form of debt or equity.

4. Direct Investments

Direct Investments is an international business activity that is differentiated from the level of supervision of a project between a company and an investor. Usually, the level of supervision can vary, starting from the level of full supervision and part.

International business activities carried out by private companies are usually aimed at making a profit or profit. Meanwhile, government companies are not too concerned with profit or profit. Companies that carry out international business activities are not required to become a multinational company first.

Although international business is often seen as a continuation of domestic business, international business is something different, especially in terms of the business environment and operational activities. Different business environments such as differences in culture, social customs, laws, government regulations, and political stability make international business more complex in scope. Therefore, international businesses are usually

riskier than domestic businesses. In addition, in terms of operational activities, operational businesses tend to be more difficult to do and require greater costs to manage these activities because they exist in several other countries.

Although international business is often seen as a continuation of domestic business, international business is something different, especially in terms of the business environment and operational activities. Different business environments such as differences in culture, social customs, laws, government regulations, and political stability make international business more complex in scope. Therefore, international businesses are usually riskier than domestic businesses. In addition, in terms of operational activities, operational businesses tend to be more difficult to do and require greater costs to manage these activities because they exist in several other countries.

An international organization is an organization formed by the world community consisting of several countries with the aim of creating a better order of international relations in the aspects of the economy, socio-culture, science and technology, security, and others.

The rapid development of science and technology has an impact on advances in the fields of communication, transportation and information. In line with these conditions, the world's population continues to increase, while natural resources or production factors tend to be limited. Each country has its limitations and strengths that encourage existing business activities in a country to expand overseas. Domestic business, which has been carried out

by national companies, has begun to be abandoned to move to international-scale businesses, or in other words, companies have begun to engage in international business.

Thus, international business can be defined as an activity in the form of business transactions between more than two countries involving individual parties, individual companies, corporate groups, or international agents and is also defined as a study that studies these activities. This is what underlies the formation of international organizations related to international business. Where international business is of course different from domestic business. Simply put, domestic business is a business that involves transactions within a unit. In more detail, the difference between international business and domestic business lies in the issue of currency, the legal system, and culture and availability of resources that differ from one country to another. International business is a business practice that involves all of these considerations because it involves several countries. Meanwhile, domestic business is a business activity that occurs in a country where the use of currency, culture, legal system, and resources is relatively the same.

For many companies, their involvement in international business is motivated more by their motive to ensure the survival of the company. Along with these conditions, it is seen that more and more multinational industries are emerging and taking part in the industry, both at the regional and international levels. For example, in the United States, the rise of multinational companies that emerged from regional local companies in United States in the 1880s and 1890s coincided with the rise of national corporations (Sellers et al,2020). More than that, the tendency is that

companies that will survive and excel in the next century are global companies. Companies that are unable to compete in the global market, if lucky, will be acquired by companies that are more dynamic. If they don't change, these companies will just disappear.

Currently, there have been rapid changes in the world economy. There will never be a country that only prioritizes its own national economy, without being influenced by foreign trade and investment. This fact shows the influence of globalization that never knows boundaries. Globalization has become a phenomenon leading to a global economic system that has occurred in recent years. The emergence of forces that drive the global economy begins with the development and phenomena of large and small businesses. This power creates opportunities for any business to expand its market, reduce costs, and ultimately increase its business profits as revenue increases in the global market.

2.1. Globalization and the International Economy



Globalization Illustration, Photo by Valentin Antonucci (France)

Globalization is a process of focusing on the resources (human, money, and physical assets) and the goals of an organization to gain opportunities and respond to global market threats. Globalization has changed the way the world does business (Sennewald & Baillie,2020). Even though it's still in its early stages, it can't be stopped. The challenge facing businesses and individuals is learning how to live with it, manage it, and take advantage of the benefits it offers. Globalization is the growing interdependence of the world's economies through increasing the volume and diversity of cross-border transactions in international flows of goods, services and capital and also through the faster and more global spread of technology. In the current era of globalization, the world sees the global business drive as resembling the situation before World War I. However, technological and

communication restrictions severely limit the scope of globalization at that time. After the end of World War II, it began with the resounding power of Western nations that supported the world's “free” trade and investment policies. Unfortunately, this idea was not responded to quickly.

Market globalization refers to the fact that several industries are basically interrelated and several forces in the national market coalesce into the influence of the global market. This shows that every global product must also be accepted by consumers in the destination country according to the special characteristics and buying behaviour in that country. Some examples of global companies with products that have been accepted by consumers are Citicorp credit cards, Coca-Cola, and Levis's Jeans or Music, McDonald's hamburgers and so on.

These multinational companies have shown signs of global products that have been successfully accepted by the average world consumer. In globalization, companies that do business internationally will ultimately become more efficient because they benefit from large economies of scale. Productivity will be boosted and living standards everywhere have the potential to increase as the world becomes richer and richer as a result of globalization.

The globalization of production refers to the tendency among several companies that provide goods and services from different locations around the global market to take advantage of the differences in each country, in particular the cost and quality advantages of production factors (labour, land, and capital). On the other hand, companies also expect lower costs and an

increase in the quality and function of their products that will encourage them to compete effectively. In general, there are two main factors that are trending and that are driving the economy towards massive globalization. The first is the lowering of barriers in the flow of products and services and capital that have occurred since the end of World War II. Second is technological change, particularly the dramatic developments that have occurred in recent years in the fields of communication, information processing and transportation technology.

Since the period 1920-1930, several countries have ventured to reduce barriers to international trade and foreign investment (Taylor & Wilson,2011). International trade occurs when companies in one country export goods and services to companies in another country. Direct investment abroad occurs when a company invests resources in business activities outside its home country. Some of the barriers to international trade can be seen from the high import tariffs on manufactured goods. Its main objective is to protect domestic industries from foreign competitors.

Especially regarding import barriers, based on trade theory internationally, there are two types or large groups of import barriers as following.

- a. Tariff barriers consist of
 - 1) import tariffs or import duties;
 - 2) export tariffs.
- b. Non-tariff barriers can be broken down into
 - 1) quantitative constraints, namely quotas;
 - 2) administrative barriers;
 - 3) local content requirements



Illustration of Technological Development, Photo by Christina Morillo (USA)

Technology is one of the reasons for the emergence of the globalization phenomenon. Computers, which have eased the burden of telecommunications, are now cheaper and more sophisticated than ever before. In fact, computer costs have fallen by an average of 17 per cent a year over the past 20 years, even as the processing power has increased dramatically. One example of the impact on global communications is a one-minute telephone call from New York to London for \$ 300 (in 1996 US dollars) in 1930, now it costs less than one US dollar (Weil,2016).

The new technology will lead to further global business integration, as the internet is increasingly accepted as a medium for business worldwide. Technology has helped small and medium scale companies to take

advantage of the new markets that globalization presents. These companies, without being hindered by large headquarters and bureaucracies, can exploit a niche global market. Computers, facsimiles, and e-mail have replaced parts of the traditional office structure.

Smaller firms can operate more efficiently within a broader geographic base with a less overhead cost. Since the end of World War II, there has been rapid progress in the field of communication towards information processing and transportation technology which later became the beginning of the emergence of the internet and the world wide web (www).

Today's microprocessors have spurred the development of communication technology. After more than 30 years, global communication has grown at a fast pace accompanied by developments in the fields of satellite technology, optical fibre and wireless technology as well as now the internet and www (Liu,2015).

The Internet is a network in a computer that can access all other computer networks in the world indefinitely (Agyemang et al,2020). The existence of a massive explosion in the information field known as the information big bang has created a borderless world. In the era of the global internet, www has become one of the main media used by global-scale companies to introduce their products around the world, and it is even used by companies to make contacts and transactions with consumers using credit cards. In this case, global companies are trying to improve their home pages on the internet in order to attract more visitors or consumers.

In the economic environment, the development of transportation is one of the most important roles, especially in relations between countries. The development of technology in the field of aviation and shipping has made it easier for various containers to carry products from the country of origin to the destination country. So that the development of transportation technology has made the distance between countries in the world closer in a shorter time.

One of the criticisms of globalization is the increasing interdependence of global economies, economic forces that replace government domination, and the focus on the free trade organization (WTO) and the association of European countries (Bhattarai et al,2021). When this world becomes one market, this results in the strengthening of interdependence or interdependence between one country and another that both have national sovereignty. So, what actually happens is not one country depending on the other, but a situation and condition when everything requires each other to maintain a political and economic balance and of course also in the context of fulfilling the interests of each country.

The interdependence of these countries will in turn challenge the issue of the principle of state sovereignty. However, the journey of the nations of the world shows that the existence of sovereign states cannot be separated from the others. This occurs as a result of very intense international relations, even including international relations where the perpetrators are individuals or companies with different nationalities. The birth of the WTO, which was formed in 1994, which is a continuation of GATT, has attempted to improve the economic conditions of its member countries.

Companies that will enter global business do not have to be multinational companies, but what needs to be understood is that all companies can enter the global market by starting to export and import goods and services needed from other countries. In today's interconnected world, any company, whether large, medium or small, can become an international business. This fact also shows that managers who lead every business must direct their business resources to global markets. Managers must be able to understand that leading companies that enter global markets are different from companies that only exist in the domestic market. These differences are caused by differences in each country, such as differences in culture, political systems, economic systems, laws, and levels of economic growth.

Marketing products in Brazil are different from the marketing approach in Germany (Peng,2021). Managing a workforce from the US requires a different set of skills than managing a workforce from Japan (Daft,2021). Maintaining closed relations with government officials is very important in Mexico (Jacobson,2020), but not in the UK (Lee,2020). Likewise, a business strategy approach in Canada cannot be done in South Korea (Kim,2020). Being a manager in international business not only must be sensitive to the differences between countries but also must be able to adopt some policies and strategies that are owned by companies in other countries.

Managers of a global company must also be able to handle problems in each country which of course require a different solution from their home country. Managers must also be able to determine in which country their production

and marketing activities are to minimize costs and generate added value in the country of destination and country of origin.

International business must be guided by the rules that are applied and which follow international trade standards. Managers are also expected to be able to negotiate with local government officials and determine the limits for local government interference in running their business.

2.2. International Business and International Organizations



International Business Illustration, Photo by Sora Shimazaki (Japan)

In building and developing international business, business actors or entrepreneurs must take into account risks, international business law, the strength of capital and the company's internal readiness. Entrepreneurs must have sufficient internal company readiness in developing their business to

the international business stage. Because in international business entrepreneurs have to work with various people from different countries.

In international business, it does not only involve private parties or entrepreneurs but also governments and international organizations. Entrepreneurs must understand international business law before entering the area of international business to participate in or participate in business in international markets.

In a society, the existence of an organization is very important as a forum for gathering a group of people to achieve certain goals. This also applies in the scope of the world community so that various kinds of international organizations have emerged. In international business, of course, all business organizations or companies will lead to the realm of international business organizations, which are often called multinational enterprises. Apart from the form of international business organizations, there are also international organizations with members from many countries. For example, the United Nations.



United Nations in Genève, Suisse, Photo by Mat Reding (French)

Each organization has different specific functions, but in general, international organizations have the following eight functions.

1. Articulation and Aggregation Functions

International organizations can become forums for discussion and negotiation so that each member can carry out the process of articulation and aggregation of the interests of his country in the context of international relations.

2. Function Norms

International organizations can establish human values and principles to which not only their members but also the rest of the world are obliged to follow.

3. Recruitment function

International organizations also have an important function in recruiting participants in the international political system.

4. Socialization function

The socialization function of an international organization is carried out by transferring certain values to all its members which are carried out systematically.

5. Decision-Making Function

Decisions made by international organizations are usually determined by considering and referring to past actions, ad hoc agreements, and so on.

6. Ratification Function

International organizations also function to ratify various kinds of rules that will be enforced in the international system, relating to judiciary institutions that have a judicial function.

7. Information function

Each member country of international organizations has the same role in seeking, collecting, processing and disseminating information in the framework of the public interest.

8. Operational Functions

Within the UN organization, there are several organizations that carry out operational functions, such as UNICEF (child protection) and UNHCR

(addressing refugee problems). In addition, there are also international organizations with funding functions such as the World Bank.

The objectives of an international organization consisting of specific goals and general objectives. Specific objectives are formulated specifically in accordance with the characteristics of the organization, while the general objectives of international organizations are to create and maintain world peace and maintain international security in various ways that are determined by each organization and made possible by international law; Take an active role in efforts to improve the welfare of the world and its member countries in a way that is in line with the organization.

International Organization itself is a non-state organization that has a position as a subject of international law and has the capacity to make international agreements. Meanwhile, international goals are common goals that concern the interests of various nations.

There are various international organizations. Of the various international organizations, maybe some of them are familiar to the ears. One of the various international organizations such as the United Nations and ASEAN.

The international organization is an organization that has been formed or created by a member of the world community on a voluntary basis which has been based on the basis of common goals for the realization of world peace in international relations. Thus we can draw a little conclusion that basically an organization has been formed on the basis of one common goal, this includes the formation of international organizations including the United

Nations, ASEAN and so on. An international organization is an organization that has been formed based on an agreement from three or more countries that have become members. The international organization is a pattern of cooperation between many countries which is based on a clear and complete organizational structure and can be expected or projected to be able to carry out its duties or functions on an ongoing basis for the realization of mutually agreed goals, both between the government and the government or also fellow non-governmental organizations on the basis of different countries.

International relations between governments, groups of individuals, are not random but organized. A form of international relations is an institution, which is a collective form or basic structure of a social organization formed by a legal basis or human tradition, which can be in the form of exchange, trade, diplomacy, conferences, or international organizations.

International Organization is defined as a pattern of cooperation that crosses national borders, based on a clear and complete organizational structure and is confronted or projected to take place and carry out its functions in a sustainable and institutionalized manner in order to achieve the goals required and mutually agreed upon, both between the government and the government. as well as between fellow non-governmental groups in different countries.



Photo by Benjamin Drean, (France)

International Economic Theory

Advantage Theory

Absolute Advantage / Absolute Cost:
Adam Smith

Comparative Cost: David Ricardo

Comparative Advantage: J.S Mill

Cost and Demand Theory

The Proportional Factors Theory: The
Heckscher & Ohlin Model

Factor Price Equalization

Supply and Demand Theory

Chapter 3

Advantage Theory



Advantage Theory Illustration, Photo by George Becker (Holland)

Advantage Theory is a theory put forward at the time of the birth of classical economic theory which is inspired by the theory of Adam Smith (Bryer,2013). One of the Advantage theories, namely the absolute advantage theory, was also put forward by Adam Smith.

This book discusses three Advantage Theory, namely Absolute Advantage / Absolute Cost: Adam Smith, Comparative Advantage: J.S Mill,

Comparative Cost: David Ricardo. The three theories are discussed in simple terms in simple language so that students can easily understand them.

3.1. Absolute Advantage / Absolute Cost: Adam Smith



Absolute Advantage Illustration, Photo by Sebastian Voortman (Canada)

The economy cannot be separated from the production of goods and services to meet the supply to meet the needs of society in accordance with or even exceeding demand. Talking about the production process, every individual, company, even country has the ability to produce goods and services in a certain capacity.

The production capacity of each individual, company, or country is not the same. In the shoe industry, for example, the production capability of company A will certainly be different from that of company B. This is also

the case within the scope of the country. It is possible that Indonesia is superior in coffee production compared to other countries. In essence, every individual, company, and even country has absolute advantages that other individuals, companies and countries do not have.

Nomenclature, the use of the word international clearly involves economic transactions between countries. More clearly, international trade can be understood as economic activities carried out by residents of a country with residents of other countries on the basis of mutual agreement.

Here, the intended population can be between individuals or business entities, individuals or business entities with the government of a country, or between governments between countries.

International trade that is included in the realm of macroeconomics not only provides economic benefits, but also political, social, and even national defence and security.

It is not surprising then that ideas emerge and develop regarding the theory of international trade which can be used as a basis for consideration of a country's macroeconomic policy-making.

Of the many developing economic theories, one of the most prominent theories is the theory of absolute advantage which was initiated by Adam Smith. In the absolute superiority he initiated, Adam Smith stated the importance of a liberal economic system, which is free from government involvement and interference.

According to him, the management of the country's economy can be carried out by implementing free competition without government intervention. With a note that there is a division of labour and allocation of resources efficiently.

Smith views the prosperity of the people in a country can be achieved through production and trade. In order to generate universal wealth, production and trade must be maximized.

For this reason, Smith recommends that governments in every country provide economic freedom to the people to carry out free trade both domestically and internationally. Thus, economic growth can be achieved through population growth and the total output produced.

Total output illustrates the level of production of goods and services which is influenced by the availability of natural resources, labour, and the supply of goods. To maximize output growth, all existing natural resources must be managed effectively and efficiently by workers with capital goods. With maximum output growth, it will be able to generate maximum profits as well.

In his theory, Adam Smith revealed that an absolute advantage can be obtained by a country if it succeeds in making the cost of producing goods cheaper than other countries.

The logic was developed, if the production costs between countries are the same, then there is no reason to conduct international trade. On this basis, Smith put forward two main ideas in his theory related to international trade as follows:

1. International specialization and production efficiency.

In international trade, there will always be parties who act as exporters and importers. A country will import goods from another country if the goods are produced domestically, it will be inefficient or less profitable. For this reason, a country can specialize in the production of profitable goods, so that an absolute advantage can be obtained.

2. The existence of an international division of labour (a division of labour).

The international division of labour referred to here is the movement of the manufacturing industry space. This means that the production process of a good is not limited to a single country. With the international division of labour, a country can process the production of goods at a lower cost than other countries. The efficiency of production costs achieved through the international division of labour is considered capable of encouraging the acquisition of absolute advantages when countries conduct international trade.

Absolute advantage refers to the ability of a country, region, or company to produce goods or services more efficiently than others. Thus, those who have this advantage can produce at a lower cost. In international trade, absolute advantage is an important concept that explains why some countries produce goods or services more efficiently than others. Also known as absolute superiority. The idea of absolute superiority emerged in the late 18th century and was introduced by Adam Smith. This idea is the basis for

the theory of international trade. A country can produce goods more efficiently than in other countries. Countries with absolute advantage may decide to specialize in production. They sell these products or services to other countries. Money from sales to buy goods and services from other countries. This interdependence encourages the creation of international trade.

Adam Smith argues that a country must specialize in products that have an absolute advantage by selling abroad. Then, money can be used to buy products that do not have absolute advantages. Adam Smith argues that trade between two countries is based on the theory of absolute advantage (absolute advantage), that each country will benefit from international trade because it specializes in production and exports goods that have advantages. absolute and importing goods that do not have absolute advantages.

Absolute advantage theory states that a country exports certain goods because it can produce these goods at a cost that is absolutely cheaper than other countries, in other words, has an absolute advantage in producing these goods. Absolute advantage theory is based on basic assumptions including:

- 1) The production factor used is only labour
- 2) The quality of goods produced by both countries is the same
- 3) Exchange is carried out by barter or without money
- 4) Transportation costs are negligible

As an illustration of absolute superiority, it is as follows: if a country has an absolute advantage over another country in producing a commodity, but has an absolute loss to another country producing other commodities, then the two countries can benefit by specialization in their respective ways. produce

a commodity that has an absolute advantage and exchange it for another commodity that has an absolute loss.

3.2. Comparative Cost: David Ricardo



International Cargo in Hamburg , Photo by Julius Silver (Germany)

David Ricardo criticized the absolute superiority introduced by Adam Smith (Fulkerson & Thomas,2020). He then introduces the theory of comparative advantage, which puts opportunity cost at the centre of the agent's production decisions.

Absolute profit leads to the advantages of specialization and trade only in cases where each producer has an absolute advantage in producing goods. If a country does not have an absolute advantage then Adam Smith's argument does not necessarily hold. However, producers and trading partners may still

be able to realize the benefits of the trade if they can specialize based on their respective comparative advantages.

Adam Smith's theory of absolute advantage assumes that only bilateral trade can occur between countries and only two commodities will be exchanged. This assumption is challenged significantly as international trade increases, which involves more than two countries and two products.

In addition, the cost of transportation can contribute to the exclusion effect. For example, even though a country can produce at a low cost, because transportation costs are high due to inadequate infrastructure problems, in the end, the selling price will be higher in the end.

This theory also assumes that goods can go in and out between countries (free trade). In fact, we still often see trade protection, including through tariff barriers, quotas, or consumption and environmental security requirements.

David Ricardo, a political economy expert from England (Stephen,L.(2020), said that a comparative advantage occurs when a country is superior in 2 types of products produced, and the labour costs are cheaper than the labour costs in other countries.

Even though one country has all the advantages, international trade can still be done. Trade between the two countries can still be mutually beneficial as long as there are differences in the opportunity costs of producing goods/services.

According to the theory of comparative advantage, even though a country is less efficient than another in producing both commodities, there is still a basis for conducting trade that benefits both parties. The theory of comparative advantage is based on the theory of labour value introduced by David Ricardo, which states that the value or price of a product is determined by the amount of time or hours of work required to produce it. Thus, a country will benefit from international trade if it specializes in production and exports goods by producing relatively more efficiently and imports goods where the country has relatively less efficient production. In other words, a country will still benefit from trade if it specializes and exports goods that have a relative advantage, where the relative advantage indicates that a country is relatively more efficient in producing goods.

Export is one of the activities in international trade in the form of selling goods and services produced in overseas countries or to other countries. Exports can be defined as the total sales of goods that can be produced by a country, then traded to other countries with the aim of earning foreign exchange.

Exports occur because of the increasing world demand for goods and services as well as the existence of countries that cannot meet their own needs, so a country that can produce a commodity in large quantities will export to countries that need the commodity. In other words, export is an effort to sell commodities owned by other nations by expecting payment in the form of foreign currency.

Exports can be influenced by several factors, including the ability of a country to produce exported goods, in this case, the quality and price of goods, taste of foreign residents, exchange rates, public income, transportation costs of goods, and government policies related to international trade.

Because there are currency differences in each country, the exchange rate between the two countries must be determined. Exchange rates arise as a result of differences in the currency prevailing in the countries concerned. The exchange rate or exchange rate between two countries is the price level agreed upon by the residents of the two countries to trade with each other. Exchange rates play a very important role in translating prices from various countries into the same language.

The exchange rate is one of the economic factors that affect the increase or decrease in export activity. If the value of the domestic currency weakens against foreign currencies or the exchange rate depreciates, it will cause exports to increase and imports to decline.

Inflation is an increase in prices that occur in an economy in a country. Inflation is a symptom in which the value of domestic money is depreciated and the general price level has increased. Increasing the price of goods, including raw materials, will cause producers to experience a decrease in the quantity of production and in the end will affect the value of exports.

An increase in the prices of goods and services will encourage people to carry out production activities so that the economy can be spurred to

increase national production activities. But inflation can reduce competitiveness and ultimately lead to a decline in exports.

The most widely used indicator used to measure the inflation rate in a country is the Consumer Price Index, which is an index of prices goods that consumers always use.

Investment or investment is capital obtained from domestic investment and foreign investment which is used to purchase capital goods and production equipment with the aim of producing more effective and efficient goods and services in the future. The investment will affect the supply of capital because it will indirectly increase industrialization which results in an increase in the number of goods produced so that the number of goods exported and the value of exports will also increase.

Countries that do export and import cannot be separated because importing countries want to meet needs that cannot be met by domestic production while exporting countries have excess production and or want to increase the country's foreign exchange reserves.

Cooperation in the trade sector in the form of export and import requires the same unit to measure or equalize the value of the exported goods. Therefore, it is necessary to have a currency exchange rate that is equal and acceptable to all countries. The currencies that can be accepted by all countries become an inseparable part and become a transaction as well as a means of measuring the export value of a good, so that the exchange rate of currency, or exchange rate, greatly affects the value of the export of goods. Besides the

exchange rate, the inflation rate is also the cause of the ups and downs of the export value of a country's goods and services. The increase in prices also triggers the community to carry out the production process so that the economy can be spurred to increase national production activities. However, this can also reduce competitiveness, causing a decline.

Investment is also a factor that influences the export value of goods and services. A large number of investors encourages companies to carry out production activities more optimally because, with the investment, the company will be able to produce goods in large quantities and better quality so that it will increase the value of exports of goods and services.

3.3. Comparative Advantage: J.S Mill



International Market Analysis Illustration, Photo by Artem Podrez (Belarus)

The theory of reciprocal demand, also known as the J.S Mill theory of comparative advantage, was put forward by John Stuart Mill, which is a

development and continuation of David Ricardo's theory (Itoh,2020). This theory seeks a balance point between the exchange of goods between two countries by determining the Domestic Exchange Base.

This theory encourages a balance of supply and demand because supply and demand are the determining factors for how much goods are imported and exported.

This theory concludes that international trade can benefit both countries if there are differences in the ratio of production and consumption between countries.

In addition, if the amount needed to produce exported goods is smaller than the production of imported goods, then the country will automatically benefit from international trade it does. This theory states that a country will export if it has the largest comparative advantage or cost in producing a good. cheaper. Meanwhile, a country will import if it has a greater comparative weakness or in producing a good the costs incurred are greater. A country will have a comparative advantage if the cost of the production process is low compared to other countries.

J.S. Mill's theory states that a country will produce and then export the goods that have the greatest comparative advantage and import the goods that have the comparative disadvantage (products that can be produced cheaper and import goods that, if produced, cost a lot of money). This theory states that the value of a good is determined by the amount of labour used to produce the item.

J.S. Mill assumes that a country will specialize in exporting certain goods if the country has the greatest comparative advantage (relative profit), and will specialize in importing goods if the country experiences a comparative loss (relative loss). Or in other words, a country will export goods, if goods can be produced at a lower cost, and will import goods if self-produced goods will require high production costs and are greater than imports.

Chapter 4

Cost and Demand Theory



International Cargo in Jakarta , Photo by Tom Fisk (Indonesia)

International trade is a trade between or across countries which includes export and import activities. International trade is a form of economic cooperation between two or more countries that provides direct benefits, namely meeting the needs of each country, which cannot be fulfilled solely by relying on domestic production alone. So that international trade activities aim to improve the country's standard of living. The benefits of international trade seen from an export perspective include an increase in income, an increase in foreign exchange, and an expansion of job opportunities. International trade theory analyzes the basics of trade between

countries, the flow of goods and services, policies directed at regulating trade flows and their effects on the countries involved. International trade theory also shows the benefits that can be obtained by each country from international trade. International trade itself is a trading activity in goods and services carried out by a country with another country.

In essence, international trade involving countries around the world arises because no single country is able to produce all the needs of society for goods and services. So that international trade arises as a result of the interaction between competitive supply and demand.

The theory of demand explains the relationship between changes in price and changes in goods demanded (Hirschman,2018). The theory of demand states that between the price and the quantity of goods demanded is inversely proportional, which means that if an item experiences an increase in price it will cause the quantity of goods demanded to decrease and vice versa, with *ceteris paribus* conditions, other components that affect demand are considered constant. The supply theory also applies to the *ceteris Paribus* condition in which changes in supply are directly proportional, which means that if the price of the goods increases, the number of goods offered will also increase, the funds will decrease if the price falls.

4.1. The Proportional Factors Theory: The Hecksher & Ohlin Model



International merchant ships, Photo by Andrew Wilus (Poland)

When discussing international economics, it will not be separated from the theory of trade between countries and also the factors that influence trade. Countries that conduct international trade are caused by several factors, including differences in natural resources, differences in production factors, different economic conditions, not all countries can produce goods themselves, there is a competition between entrepreneurs and between nations, and tastes (preferences).

Basically, comparative advantage is a fundamental factor that determines international trade patterns. When a country has a comparative advantage in

a certain good, that country will export its products, but when a country feels that it is not superior in producing a good, that country will prefer to import from other countries with the aim of reducing production costs and also seeking profit.

According to the Heckscher - Ohlin theory, international trade occurs due to differences in the opportunity cost of a product between one country and another, exchange can occur due to differences in the proportion of factors of production owned (factor endowment) of each country. Countries that have relatively many production factors or are cheap to produce them will specialize in production and export their goods. Conversely, a country will import certain goods if the country has relatively scarce or expensive production factors (Cavusoglu,2018).

For developing countries, maybe international trade does not provide great benefits, but it actually provides losses. Because developing countries are mostly only made into market shares by developed countries. In addition, developing countries are only able to export raw materials which are then processed by developed countries and then re-exported to developing countries. So that the added value and benefits of production will only be enjoyed by developed countries that have advantages in terms of technology and quality of human resources.

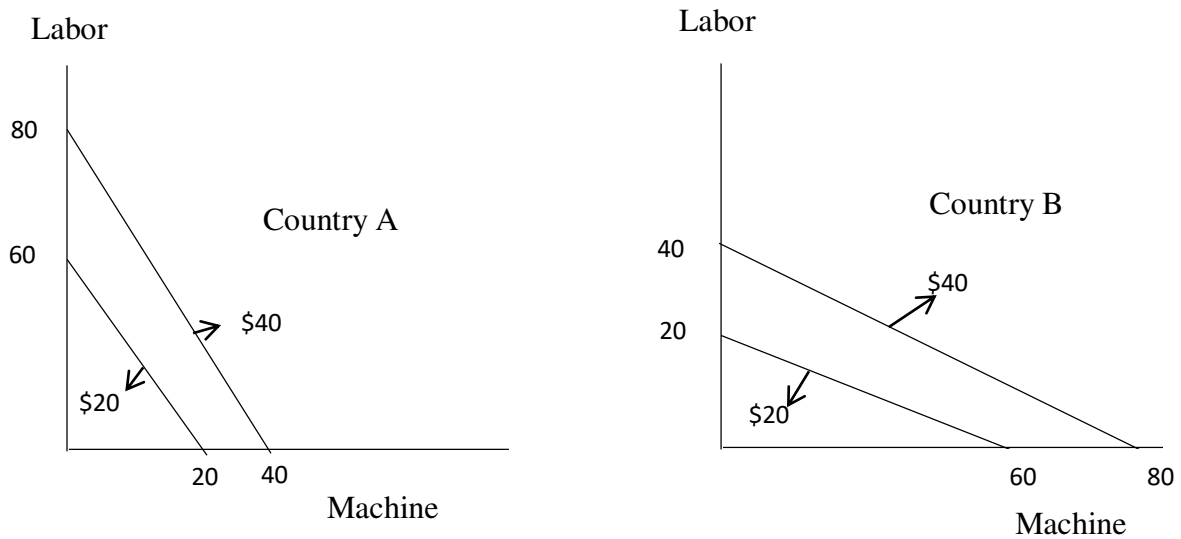
The modern theory of International Trade is a theory first put forward by Bertil Ohlin in his book *Interregional and International Trade* (1933). Part of Bertil Ohlin's theory is based on the writings of his teacher, namely Eli

Heckscher so that this theory is better known as the Heckscher-Ohlin theory or abbreviated as the H-O theory.

In its analysis, the H-O theory uses two curves. The first is the isocost curve, which is a curve that describes the same total production costs, and the second is an isoquant curve, which is a curve that describes the same total production. equilibrium will occur when the isocost curve is tangent to the isoquant curve. So at this point of contact, optimal production will occur at a certain cost.

The H-O theory then tries to provide an explanation of the causes of differences in productivity. The H-O theory states that the causes of differences in productivity are due to the number or proportion of production factors owned (endowment factors) by each country, thus causing differences in the price of the goods produced. Therefore, the modern theory of H-O is known as The Proportional Factor Theory. Furthermore, countries that have relatively many production factors or are cheap to produce them will specialize in the production and then export their goods. On the other hand, each country will import certain goods if that country has relatively scarce or expensive production factors to produce them. An explanation using these two curves is for example trade between Country A which is labour-intensive and Country B which is capital intensive. Suppose Countries A and B have isocost curves as shown in the image below:

Figure 4.1.1. An example of an isocost curve



Source: Figure courtesy of the author, 2021

Of the two curves in Figure 4.1.1. to produce the same good at the same cost requires a different proportion of labour and machinery between country A and country B. To better understand H-O theory, we present the GainTrade matrix based on the H-O theory in table 4.1.1. following.

Table 4.1. Gain Trade matrix based on H-O theory

Country	A		B	
Commodity	Shoes	Monitor	Shoes	Monitor
Production Factors	Labor	Capital	Labor	Capital
Production process	labor intensive	capital intensive	labor intensive	capital intensive
Proportion	80	40	40	80
Isoquant	40	20	40	20
Isocost	\$20	\$400	\$40	\$200
Cost per unit	\$0.50	\$20.00	\$1	\$10

Source: Author's table, 2021

The table above illustrates the analysis of the benefits of international trade (gain from trade) obtained by each country based on the H-O theory. The table is structured using the 2 * 2 * 2 assumption (two countries, two commodities and two factors of production). In accordance with the concept

of the point of contact between isocost and isoquant, each country tends to produce certain goods that are most optimal in accordance with the proportion of production factors it owns. From this table, we get an overview of the use of the H-O theory assumption, namely that international trade occurs between two countries (in this case country A and country B). Each country produces the same two commodities (in the example 40 shoes and 20 monitors). Each country uses two types of production factors, namely labour and capital, with different proportions.

To find the best proportion between country A and country B, it can be used to combine the Isocost curves of countries A and B and add the Isoquant curve. So that the best proportion can be found. Merging these curves is an example of understanding the H-O theory. In the real world, it can be practised in managing the proportion of the number of workers and machines used. Of course, in the real world, it is more complicated because of the different human capital of each worker so that a strict selection of workers is needed to get maximum results. This theory can be used to calculate the proportion of workers and machines regardless of the human capital factor. Where in the real world, of course, you have to pay attention to the human capital factor and do a lot of experiments to get the best proportions in the business you manage.

Figure 4.1.2. Differences in the price of production factors

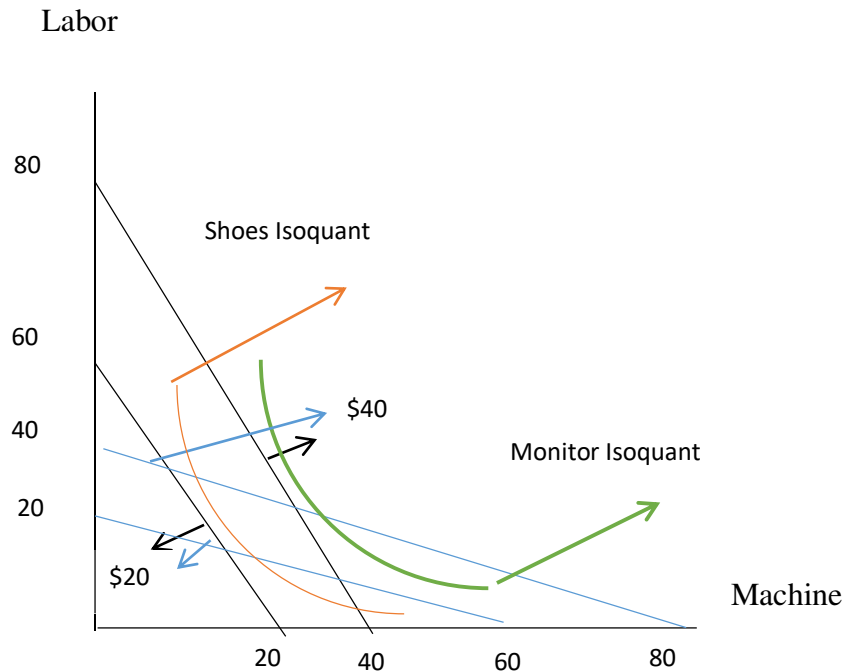


Figure 4.1.2 is a combination of 2 Isocost curves in Figure 4.1.1 added to the Isoquant image described in table 4.1.1. In the table, it has been detailed that country A is cheaper in producing shoes than country B with a production cost of \$ 0.5 per unit, while country B is cheaper in producing monitors than country A with a production cost of \$ 10 per unit.

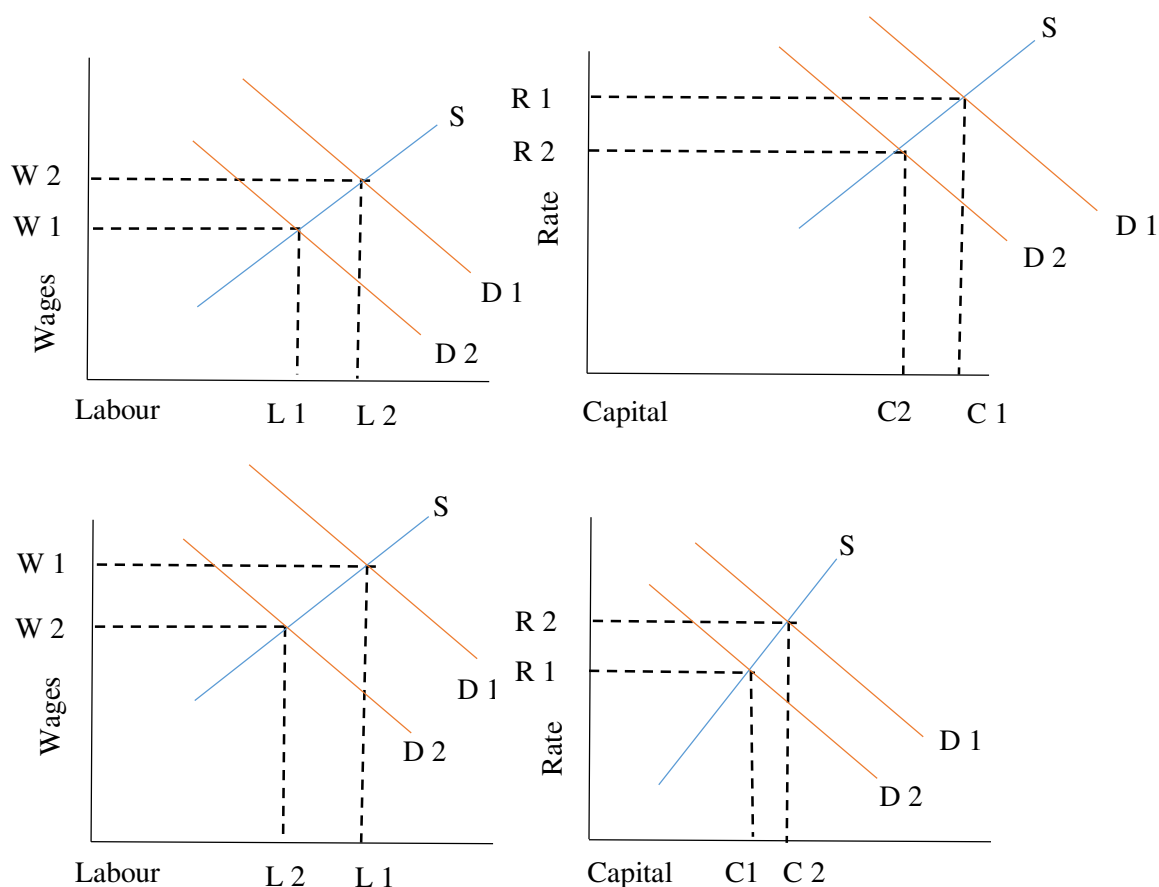
4.2. Factor Price Equalization



Currency of various countries, Photo by Ryutaro Tsukata (Japan)

Free trade tends to result in the prices of the factors of production the same in several countries. From the theory of Hecksher Ohlin's proportions factor, as long as country A increases the production of goods X in the previous example is shoes, it will result in an increase in the demand for labour, on the other hand, the decrease in the production of goods Y in the previous example is a monitor means that the less demand for capital. This will tend to lower wages (prices rather than labour) and raise prices rather than capital (rate of return). The curve based on the Stolper-Samuelson theory of price equality completes the H-O theory (Cord et al,2020). This is shown in Figure 4.2. as follows :

Figure 4.2. The similarity in the price of factors of production



Before trading the wages and capital prices in country A are W_1 and R_1 with supply and demand curves S and D_1 , while in country B W_1 and R_1 . Wages in country A are lower and the price of capital (Rate) is higher than in country B. After the two countries trade, the production of goods X (Shoes), which are goods with increased labour-intensive production, and goods Y (Monitor) which are goods with the reduced capital intensive product. The consequence is for country A that the demand for labour increases and the demand for capital decreases. The labour demand curve shifts to D_2 so that wages rise to W_2 and the amount of labour used is L_2 . Furthermore, with the reduced demand for capital, the demand curve for

capital shifts to D_2 so that the capital price drops to R_2 and the amount of capital used is C_2 .

Country B has more factors of production capital with the more production of goods Y (Monitor), the demand for capital increases so that the price tends to rise. Conversely, the less production of goods X (Shoes), then the demand for labour decreases so that the price falls. Before trading, the wages were higher in B, but the price of capital (Rate) was higher in A by trading the tendency of wages and capital prices to be the same in both countries.

4.3. Supply and Demand Theory



Supply and demand illustration, Photo by Nataliya Vaitkevich (Spain)

In principle, trade between the two countries arises because of differences in supply and demand. This demand is different, for example, because of differences in income and tastes. Meanwhile, differences in supply are, for example, due to differences in the number and quality of factors of production, levels of technology and externalities.

If there is a condition called an increase in costs, then production in country A will increase to meet the demand in country B. This increase in production will result in an increase in the cost per unit, so the price will increase. On the other hand, for country B, production will decrease because some products imported from country A have decreased in price. This adjustment

process will continue until the amount exported by country A is the same as the amount imported by country B.

Shipping costs can cause price differences between the two trading countries. International trade can be explained as a form of interaction with broader supply and demand activities. The demand side is the party that needs commodities in the international market, which are called importers. The so-called exporters are those who play a supply-side role. In this case, according to the basic model of supply and demand theory, the role played is the interaction of both with changes in price factors and the number of commodities or products traded. In subsequent developments, the two basic elements of supply and demand were still used but were further developed due to the inclusion of discussion of the exchange rate (exchange rate), national income, and production costs.

The price factor in international trade represents the value of the commodity being traded. The value of a commodity is determined by the factor of the productive capacity of an economy and the strength of the currency in foreign exchange trading. The quantity factor is no longer limited to the aspect of scarcity but develops in the aspect of fulfilling international tastes.

The theory of supply and demand in the international economy explains how much a country is willing to provide a commodity or export products to obtain imported commodities in a certain amount. In other words, the supply and demand curve of a country shows the extent to which that country's availability is importing and exporting at various relative price levels that are currently in effect (Ezeaku et al,2021).



Photo by Lukas (Czech republic)

International Economic Policy

Understanding International Economic Policy

Exchange Control

Chapter 5

Understanding International Economic Policy



International Policy Illustration, Photo by Andrea Piacquadio (Hungary)

International Economic Policy is a variety of actions and regulations issued by the government, either directly or indirectly, which affect the structure, composition and direction of transactions as well as the smooth running of efforts to increase a country's export foreign exchange (Attig et al,2021). In general, developing countries prefer open economic policies, namely conducting economic relations with foreign countries. This policy will open export market access for their products, as well as open sources of procurement of capital goods and industrial raw materials from other

countries. Theoretically, if management is good and transparent, open economic policies can accelerate economic development. International trade policies consist of export promotion policies, import substitution policies, and industrial protection policies.

Export promotion policies can train and increase the competitiveness or productivity of domestic economic actors. Generally, developing countries export products from the primary sector (agriculture and mining) or industrial products that have been abandoned by earlier developed countries. Import substitution policy is a policy to produce imported goods. The main goal is to save foreign exchange. Industry protection policies are generally temporary in nature because their aim is to protect newly developing industries until they are able to compete. If the industry has developed, then the protection is revoked. The protection provided is usually the imposition of tariffs and/or the provision of quotas for goods from other countries that are allowed to enter the domestic market.

International economic policy is an action/government economic policy, which directly or indirectly affects the composition, direction and form of international trade and payments. The international economic policy maintains a balance of trade and keeps the balance of payments stable against changes in cash. International economic policies include:

1. International Trade Policy

Includes actions on the current account relating to export and import transactions. With tariffs, subsidies, bilateral trade agreements (bilateral trade agreements), free trade areas (Free Trade Area) etc.

2. International Payment Policy

Includes measures against the capital account by monitoring international payments with long-term foreign exchange flow control instruments and capital.

3. Foreign Assistance Policy

Includes government actions related to grants, loans, assistance aimed at assisting rehabilitation and development as well as military assistance to other countries.

In general, it can be stated that the objectives of the international economic policy include Autarchy, National welfare, protection, the balance of payments, economic development.

Autarchy is actually against the principles of international trade. The aim of autarchy is to avoid the influences of other countries, be it economic, political or military. However, the goal of achieving national welfare contradicts the goal of autarchy. By entering into international trade, a country will benefit from specialization. To encourage international trade, barriers to international trade (tariffs, quotas, etc.) must be removed or at least reduced. This means there must be free trade.

Protection aims to protect national industries from competition for imported goods. This can be carried out at rates, quotas, etc. If a country has excess foreign currency reserves, then the government's policy to establish domestic economic stabilization will not cause many problems in its international balance of payments. However, very few countries have such a position, especially developing countries where the position of foreign exchange

reserves is weak, forcing the governments of these countries to take international economic policies to balance their international balance of payments. This policy generally takes the form of exchange control. Foreign exchange control does not only regulate/supervise the traffic of goods but also the capital.

Increasing economic development can be carried out in an international economy where the government can take policies by providing protection for domestic industries (infant industries). Encouraging exports and reducing imports so as to increase national income which encourages increased national economic development.

5.1. Understanding Economic Globalization



Illustration of Globalization, Photo by Polina Zimmerman (Russia)

Globalization is a word that is heard almost every day and almost everyone knows what the word means. We inevitably have to accept globalization if we don't want to be left behind with other countries. Globalization is a relationship between nations in the fields of economy, culture, social and all forms of international relations involving two / more countries. There are so many benefits that can be taken from the globalization process itself, including lower product prices due to international competition, easier and faster communication, easier interaction between individuals, information obtained quickly and easily, and many more benefits that can be obtained. Apart from the positive side, the negative side of the globalization process is that domestic industries that cannot compete will further decline, economic activity will greatly depend on world price movements. In this regard, to avoid unwanted things the government needs to implement economic policies that can protect domestic businesses and the public can also get products at low prices. Possible policies include providing an injection of funds for domestic industries that have comparative advantages in the international world, selecting imported goods that will enter the country by imposing high import duties on goods that can be self-produced.

Globalization is a term that has a relationship with increasing interconnectedness and dependence between nations and between people around the world through trade, investment, travel, popular culture, and other forms of interaction so that the boundaries of a country are getting narrower. Globalization is a process in which individuals, groups and countries interact, depend on, relate and influence one another across national borders. In many ways, globalization has many of the same characteristics as internationalization, so the two terms are often

interchanged. Some parties often use the term globalization which is associated with the reduced role of the state or state boundaries.

Globalization proponents (often referred to as pro-globalization) consider that globalization can improve the welfare and economic prosperity of the world community. They are based on the theory of comparative advantage put forward by David Ricardo. This theory states that a country with other countries is interdependent and can benefit from each other, and one form of it is dependence in the economic field. The two countries can carry out exchange transactions in accordance with the comparative advantage it has.

One of the main obstacles to this cooperation is the existence of restrictions and protection policies from the government of a country. On the one hand, this policy can protect domestic production, but on the other hand, it will increase the cost of producing imported goods, making it difficult for them to penetrate the market of the target country. The pro-globalists do not agree with this protection and prohibition, they want to carry out a free trade policy so that the price of goods can be reduced, as a result, demand will increase. As demand increases, prosperity will increase and so on. Meanwhile, the anti-globalization movement is a term commonly used to describe the political attitudes of people and groups who oppose global trade agreements and institutions that regulate trade between countries such as the World Trade Organization (WTO). "Antiglobalization" is considered by some to be a social movement, while others consider it a general term covering a number of different social movements. However, people who are labelled "anti-globalization" often reject the term, and they prefer to refer to

themselves as the Global Justice Movement, the Movement of All Movements or some other term.

Economic globalization is a process of economic and trade activity, in which countries around the world become an increasingly integrated market force without the constraints of national territorial borders. Economic globalization requires the elimination of all restrictions and barriers to the flow of capital, goods and services. When economic globalization occurs, the boundaries of a country will become blurred and the links between the national economy and the international economy will be even tighter. On the one hand, economic globalization will open up market opportunities for products from domestic to international markets in a competitive manner, on the other hand, it will also open up opportunities for the entry of global products into the domestic market.

Free trade allows people from various countries to import more goods from abroad. This causes consumers to have a wider choice of goods. In addition, consumers can also enjoy better goods at lower prices.

Free foreign trade allows each country to obtain a market that is much wider than the domestic market. Capital can be obtained from foreign investment and is mainly enjoyed by developing countries because the problem of lack of capital and experienced experts and educated personnel are mostly faced by developing countries. For large companies and require very large capital, it can be obtained from the capital market. The characteristic of developing countries is the large population but not ready to work.

The development of the industrial sector and various other sectors is not only developed by foreign companies but mainly through investments made by domestic private companies. These domestic companies often require capital from banks or the stock market. Funds from abroad, especially from developed countries that enter the domestic money market and capital market, can help provide the required capital. The badness of economic globalization is that if developing countries cannot manage the loans that are given, it will increase the debt burden and the interest that must be paid.

One of the effects of globalization is the development of a freer foreign trade system (Feng & He, 2020). This development causes developing countries to no longer be able to use high tariffs to provide protection to newly developing industries (infant industry). Globalization tends to increase imported goods. Conversely, if a country is unable to compete, then exports will not develop. This situation can worsen the condition of the balance of payments. Another bad effect of globalization on the balance of payments is that the net payments of production factor income from abroad tend to experience deficits. The increasing number of foreign investment causes the flow of profit (income) payments to investment abroad to increase. Undeveloped exports can adversely affect the balance of payments.

5.2. International Economic Policy Tools



Multinational Corporate Illustration, Photo by Tima Miroshnichenko (Russia)

The scope of the economy is not only domestic but can be bigger to foreign countries which we often call the international economy. In the international economy, there are many collaborations carried out by several countries to achieve the same goal. Of course, this requires a policy that can regulate all activities in it, namely international economic policy.

International economic policy in a broad sense is an economic action or policy carried out by the government which will directly or indirectly affect all forms of international trade and payments, whether from a composition, direction and other aspects. It should be underlined that this policy does not focus on tariffs, quotas, but also covers domestic government policies that

will indirectly influence the wheels of international trade and payments, for example, the role of fiscal policy and the role of monetary policy.

Meanwhile, the narrow meaning of international economic policy is an action or policy implemented by the government and has a direct impact and influence on international trade and payments.

This international economic policy instrument is differentiated based on the activities or actions taken. There are at least three important instruments in international economic policy, namely international trade policy, international payment policy, and foreign aid policy.

International trade policy includes all actions taken by the government on an account that is still or in progress transactions from the international balance of payments, especially matters relating to the export and import activities of a product, both goods and services. These types of policies include tariff policies on imports, bilateral trade agreements and many others. The international payment policy includes several things regarding government policies on capital accounts in the international balance of payments, precisely on the supervision of international payments. Examples of this policy are the supervision carried out by the government on foreign exchange flows or supervision of long-term capital flows. The foreign aid policy is an action or policy carried out by the government in relation to assistance, loans and others. The assistance is in the form of assistance with the aim of assisting rehabilitation and development and assistance to other countries.

The international economic policy takes many forms in the form of international economic policy instruments. In general, the forms of international economic policies that are used as instruments in managing the international economy by the government in existing countries include Tariffs, Quota, Subsidies, Dumping.

5.2.1. Tariffs



Illustration International Currency, Photo by Ryutaro Tsukata (Japan)

Tariffs are the imposition of tax or customs duties on goods that cross a country's borders (DiMatteo,2021). Tariffs are often defined as taxes imposed on all goods that have crossed a country's borders. Tariffs are also often referred to as import duties, which aim to protect or provide protection for domestic industries. Actually, it is not only intended to provide

protection, but the imposition of tariffs is usually a requirement that has been regulated in the State Revenue and Cost Budget which aims to increase the amount of revenue from the state's foreign exchange function. A tariff is a type of tax imposed on imported goods. Specific tariffs (Specific Tariffs) are imposed as a fixed burden on units of imported goods. Tariffsold Valorem (od Valorem Tariffs) are taxes imposed based on a certain percentage of the value of imported goods.

There are several types or forms of tariffs, namely:

1. Export duties

Export duties are imposed on goods transported or sent to other countries. So this tax is imposed on goods that leave the customs area of a country that collect taxes. The area limit for non-taxable goods is in the customs area where all goods are free to move without being subject to duty, but if these goods have passed this limit, the goods will be subject to export duty in accordance with existing regulations.

A custom area is an area where goods are free to move without being subject to customs duties. The custom boundary for this area is usually the same as the territorial boundary of a country, but this similarity is not a necessity, for example, the existence of a customs union which is a custom area whose area covers more than one country territory. The custom area here is wider than the territory of a country. But with the free trade area, the customs area is narrower than the territory of a country.

2. Transit Duties

Transit Duties is a tax/duty imposed on goods passing through the territory of a country provided that the final destination of the goods is in another country. Transit duties are imposed on goods that have crossed the territorial borders of a country provided that the goods are indeed destined to be sent to another country. As the name implies, namely transit, this duty is imposed when these goods transit in an area before heading to their destination country.

3. Import Duties

Import duties are taxes/duties imposed on goods that are included in the customs area of a country provided that the country is the final destination. Import duties are imposed on goods that enter the customs area whose final destination is domestic. Thus, all forms of goods that enter the country will be taxed in accordance with the applicable regulations.

Tariff differentiation according to type is:

Ad Volarem Tariffs

Tariffs are stated based on a certain percentage of the import value

Specific Tariffs

Tariffs are stated based on fixed duties and charges per unit of goods

Compound Tariffs

Combined tariff between Ad Volarem & Specific Tariffs

Tariff Charging System:

a) Single Column Tariffs

Each item is subject to one tariff. Usually, they are autonomous tariffs, namely the amount of tariff is determined by a country without agreement with other countries), whereas if the tariff is determined by agreement with other countries, it is called conventional tariffs.

b) Double Column Tariffs

Each item is subject to two types of tariffs.

c) Triple Column Tariffs

Each item is subject to three types of tariffs. Usually, this tariff system was used by colonial countries. In fact, this system is only an extension of the double-column tariffs, namely by adding one kind of preferential tariff for ex-colonial countries or their political affiliations (preferential system).

5.2.2. Quota



Export-Import Illustration, Photo by Albin Berlin (Sweden)

The quota is a limitation on the physical quantity of incoming (import quota) and outgoing (export quota) goods (Dullien et al,2017). A quota is a restriction that is imposed on imported goods and the amount of exported goods. This quota is determined in accordance with the provisions made by the government, it may be that each country has its own limitations. There are two types of quotas, namely:

1. Import Quota

Import Quota is a direct restriction on the number of goods that can be imported. These restrictions are usually enforced by granting licenses to several groups of individuals or companies. An import quota is a limitation that is given and applied to each imported goods, there are several types of

the import quota, including absolute quota where the limit is determined by the affected country, negotiation quota where the limit is determined by the agreement of the two parties concerned, quota tariff which is a combination of tariffs the quota itself, and the mixed quota, namely the quota that is purely charged to protect the domestic industry so that it can remain competitive.

Import Quota Is a direct restriction on the quantity or amount of imported goods, with the following types: Absolute (Unilateral), Bilateral (Negotiated), Quota rates, Mixing Quota

Absolute (Unilateral) determined unilaterally by the importing country. Bilateral (Negotiated) stipulated jointly by the importing country and the exporting country Bilateral (Negotiated) Determined jointly by the importing country and the exporting country. Quota rates is combined rate and quota. For a certain number of goods are allowed to enter (import) with certain tariffs, additional imports are still permitted but are subject to higher tariffs). Mixing Quota is limiting the use of imported raw materials to a certain proportion in the production of final goods. This restriction is to encourage the development of industry in the country.

The import license allocation in the import quota policy includes: Competitive Auction, Fixed Favoritism, Resource Using Application Procedure.

Competitive Auction is auction for an open import license for a particular product. Fixed Favoritism is granting import licenses for certain goods to a

company. Resource Using Application Procedure is granting of licenses based on input requirements for domestic production activities

2. Export Quota

Quotas are usually applied to raw materials which are included in important trading commodities. Export Quota Is a direct limitation on the quantity or amount of exported goods, with the following objectives:

- Prevents important items from being in enemy hands.
- Guarantee the availability of domestic goods in sufficient proportions.
- Carry out production supervision and price control in order to achieve price stabilization.

Export quotas are usually imposed on raw materials which are important trade goods and are under the supervision of international agencies

5.2.3. Subsidies



Illustration of Subsidies, Photo by Karolina Grabowska (Poland)

Subsidies are assistance provided to the community which is taken from the allocation of funds or budgets given to companies that produce, sell and other activities. With this subsidy, the selling price of a product will be cheaper. In the realm of international trade, subsidies are considered a form of non-tariff barrier. Subsidies in international trade activities are usually in the form of export subsidies. Export subsidies are subsidized instruments provided for export goods. Subsidies are seen as a barrier because they can cause distortions in the market. With subsidies, producers can sell goods produced at a lower price than they should (the price of goods without subsidies). However, subsidies can also be given to domestic products for the domestic market. This domestic product subsidy policy aims to reduce

the price of domestically produced goods. So that local products can be cheaper than imported products (Baetens,F.(2021).

Subsidies are clearly incompatible with one of the principles of fair international trade. The principle of justice is intended so that a country does not take policies on the grounds of improving its domestic economy, but on the contrary, it is detrimental to other countries. In addition, the tendency to provide subsidies to exporters can cause exporters to become less independent. Because they will always depend on subsidies provided by the government. If this continues, it will have an impact on decreasing the quality of the competitiveness of domestic exporters against exporters in other countries. However, after all the government is obliged to provide protection for domestic industries, especially in an effort to increase foreign power, both in the national and international scope.

Discussing the issue of government subsidies cannot be separated from the discussion of the concept of the welfare state (Welfare State). Because in the concept of the welfare state the role of government is greater than in countries where the government only acts as a policy and only acts at the request of individuals or when individual interests are violated. One of the government interventions in economic activity is the provision of subsidies. Subsidies are assistance, either directly or indirectly, to business actors with the aim of increasing their ability to compete with business actors from other countries.

The fall in prices is not just the result of the producers. However, governments in producing countries can help reduce prices by providing

subsidies, for example, interest rates on capital loans, tax breaks, or other forms of subsidies. In terms of providing subsidies from a legal perspective, problems may arise, namely in the international realm, what criteria can be used as guidelines, whether subsidies are allowed or not. If there are no clear criteria specified, the reason for subsidies can be used in any form by rich countries which is likely to continue to increase, which is considered reasonable by developing countries in accordance with their economic capacity.

In international trade, subsidies are considered a form of fraudulent competition, therefore the use of subsidies is limited so as not to cause disruption to other countries. This treatment is a government policy to improve the domestic economy, but in practice, it often creates problems in international trade. Therefore, in principle, subsidies are the responsibility of the government in the context of realizing the domestic economy, so that basically international legal regulations are only restrictive, namely so that their use does not harm the industries of other countries. There are two forms of subsidies, namely Production Subsidies given to industries solely for production. And the second is export subsidies, namely subsidies given to domestic industries whose production will be exported.

5.2.4. Dumping



Illustration of Industrial Estates, Photo by Tom Fisk (Indonesia)

International trade is one part of economic activity or business activity which has recently been experiencing very rapid development. The attention of the business world towards international business activities is also increasing, this can be seen from the growing flow of circulation of goods, services, capital and labour between countries. Business activities can occur through export, import, investment, trade in services, licenses and franchises, intellectual property rights or other business activities related to international trade, such as banking, insurance, taxation, and so on. To support the implementation of business activities between countries, a legal instrument is needed in the form of regulations, both national and international, such as international trade law.

In increasing trade activities, the central government has absolute power which wants the national state to be strong, both in the political, economic, and military fields. This process requires trade security measures (trade remedy measures) through restriction policies in a trade, so that good trade relations between European countries and other countries outside Europe usually apply, and usually each country continues to apply protective trade policies.

International trade has experienced very rapid developments from time to time, where the countries in the world today have become an increasingly integrated market force with no barriers to national territorial borders and have led to a pattern of free trade. International trade that leads to this free market will basically open up market opportunities for products from domestic to international markets in a competitive manner and vice versa will also open up opportunities for the entry of global products into the domestic market. This can enable business actors in one country to compete to gain market access and dominate markets from other countries.

The rapid dynamics of international trade development leaves a number of problems as implications of international trade activities themselves. These problems can crystallize and become barriers (barriers) that can encourage the degradation of harmonious relations in international trade relations. In international trade relations within countries, commitment to realizing an honest and fair trade is a very important demand that should not be ignored. The biggest problem that is easily identifiable and the most common is that it is related to the violation of the principles of honesty and fairness which

has resulted in unfair trade practices in carrying out international trade activities.

The development regarding international trade is closely related to the emergence of dumping between countries on how the practice is in international trade itself and what steps or policies the government takes in overcoming dumping practices and maintaining relations between countries. Dumping is an activity carried out by the exporting country in determining prices below or lower than its nominal value or unit cost and can also be said to sell at a lower price in the importing country than in the producer country itself.

The definition of dumping in the context of international trade law is a form of international price discrimination committed by a company or exporting country, which sells its goods at a lower price in foreign markets than in the domestic market itself, with the aim of obtaining profits from the export product (Felbermayr & Sandkamp,2019).

The practice of dumping is one of the unhealthy trading practices carried out by the exporting country, resulting in losses to the domestic business world and similar goods industry, with a flood of domestic goods will result in similar goods being unable to compete so that in the end it will kill the domestic market for similar goods. , which was followed by the emergence of impacts such as mass layoffs, unemployment and the bankruptcy of the domestic similar goods industry.

A new item is said to be a dumping item if it fulfils three elements, namely the presence of LTFV (less than fair value) dumping activities, a loss and a reciprocal relationship between dumping and losses. If there is dumping that is less than fair value but does not cause a loss, then the dumping is not prohibited by the World Trade Organization (WTO).

Dumping practices can be seen in terms of the impact on consumers and the importing domestic industry. There are two types of dumping, namely:

a) Dumping that is predatory (predatory dumping), this form occurs when the company performs discrimination and benefits the buyer for a while with the aim of eliminating the competition after the competitor is eliminated, the price is raised again. This form of dumping is very detrimental to domestic industrial products to importing countries.

b) Dumping that occurs continuously (persistent dumping), this form basically will only benefit the consumers of the importing country, because it only competes with other imported products.

Dumping economy is a trading practice carried out by exporters by selling commodities on the international market at prices less than fair value or lower than the prices of these goods in their own country or than selling prices to other countries, in general, this practice is considered unfair because it can damage market and disadvantage competing producers in importing countries. To find out specifically dumping, namely as a product marketed to other countries at a price lower than the normal price (normal value). For this reason, some of the criteria that have been clarified in the agreement are as follows. First, dumping occurs when trading is carried out in the usual way, the export price of the product is lower than the

comparable price for similar goods used for consumption in the exporting country. Second, if there is no sale of such goods domestically, then the export price comparison to a third country or other country that has sales of the goods is used. Third, if there are no first and second criteria, the construction price is based on production costs plus administrative, marketing and other costs and is added to get a reasonable profit. Meanwhile, anti-dumping is a substance in the field of making regulations that will be increasingly important for developing countries which in turn will increase non-oil and gas exports in the manufacturing sector. Dumping is considered unfair, therefore it must be paid with certain sanctions. However, it should be noted that what is called fair or unfair in the trade sector is difficult to ascertain.

In order to achieve order and justice in the field of international trade, regulations are needed that are capable of safeguarding and maintaining the rights and obligations of international trade actors. International legal instruments regulating trade relations between countries are contained in the General Agreement on Tariffs and Trade (GATT) document signed by countries in 1947 and came into effect in 1948. From time to time the provisions of the General Agreement on Tariffs and Trade (GATT) perfected through various rounds of negotiations, most recently through the Uruguay Round negotiations (1986 - 1994) which succeeded in forming a World Trade Organization, namely the World Trade Organization (WTO). This body will further implement and supervise the international trade rules that have been initiated by GATT since 1947.

Dumping actions can cause very serious losses to the economy of a country, therefore every country must have adequate protection for the domestic industry for dumping practices carried out by a country, so a trade policy instrument known as anti-dumping was born. The provisions regarding anti-dumping have been listed since the agreement of GATT in 1947 and the regulation is contained in Article VI of The General Agreement on Tariffs and Trade 1947 (Article VI GATT 1947) which regulates anti-dumping and Countervailing Duties. Updates to these rules are continually occurring, and the latest is in the framework of the World Trade Organization (WTO) which is the result of refinement of the previous provisions in order to regulate the implementation process of Article VI of the GATT. Besides in substance, this new regulation is more complete and broader regarding anti-dumping, but in its position, the Anti-dumping code 1994 is in accordance with the results of the Uruguay Round negotiations, fully integrated into a world trade organization (WTO), thus the position of Anti-dumping Dumping Code 1994 is no longer an additional agreement from GATT but an integral part of the WTO Establishing Agency itself. The prohibition of dumping practices is one of the provisions stipulated in the rules and regulations of the World Trade Organization (WTO) (Kennedy,2016).

In the GATT and WTO policies regarding anti-dumping practices which can be a form of internal fraud In the world of international trade, there needs to be a basis for provisions that can regulate this. In the world of trade, this dumping practise is very detrimental to the economic stability of a country where the dumping practice is located. Special updates that apply to cover fraud in anti-dumping practices still need to be strengthened and its

implementation needs to be affirmed. In order for goods that enter or exit as international merchandise, not to be or not be rigged as dumping goods that can harm the economy of a country. GATT and the WTO have issued provisions that can be taken as policies that can be used as dumping goods. stronghold in international trade to tackle dumping practices itself.

The application of anti-dumping in the scope of international trade plays an important role in international trade practice, not only in covering trade transactions, anti-dumping has become a form of law that was formed in the GATT / WTO to regulate fraudulent acts in international trade. Judging from the form itself, dumping can cause price instability of merchandise which can lead to a loss in domestic prices where dumping goods are sold out to become merchandise products below the actual price. The relationship between international and national regulatory policies regarding anti-dumping plays an important role in maintaining the price of national goods which can fall when the exported goods are traded by dumping. The role of national policies is very influential in safeguarding fraud in dumping goods which can reduce goods transactions and the economic stability of a country. In this case, the role of national policies is an excellent step to tackle fraud in international trade.

Chapter 6

Exchange Control



Currency exchange rate illustration, Photo by Anna Nekrashevich (Belarus)

Exchange Control is a form of government interference in the international economic field, where the government has a monopoly on all foreign economic transactions. In this Exchange Control system, all foreign currencies are monopolized by the government in the sense that all foreign payment instruments owned or obtained by all residents in that country must be submitted to the government, and it is the government that regulates and determines the use of these foreign currencies (HoonChoi,2020). The government acts as both a monopoly and a monopsony (single seller and

sole buyer) of all foreign payment instruments. All exporters must submit their export foreign currency to the government and all importers who need foreign currency must buy from the government. The currency used is inconvertible currency, for example in the form of foreign exchange rates (money orders). The high rate of the money order, both the selling rate and the buying rate, is determined by the government unilaterally.

The main purpose of the Exchange Control system is to limit the demand for foreign exchange by coercion, within the limits of a reasonable supply. Because freely, the supply at that time could not meet the demand so that the exchange rate stabilized. To meet demand that exceeds supply, Exchange Control can be viewed as a technique for mobilizing and allocating foreign exchange relatively rarely. Therefore demand must be regulated, for example by means of an import license system.

The government can set one exchange rate, both for the selling rate and the buying rate, which is called the single exchange rate system, but often the government also sets more than one type of selling rate and buying rate. This is called the multiple exchange rate. These various exchange rates depend on the following:

- a. The use of foreign exchange, for example, to import semi-luxury staples (essences), luxury and so on. For these types of goods the exchange rate varies.
- b. This exchange rate difference can depend on the origin of the import of the goods.

It can be understood that determining the exchange rate of a currency is not an easy thing. A foreign note exchange rate that is too high means that the national currency is considered too low so that imports from that country become more expensive, because imports must be paid in foreign currency. On the other hand, national exports will be relatively cheaper for the foreign country. On the other hand, if the exchange rate is set too low, the result is that the price of national exported goods is relatively more expensive. National imports from these countries are relatively cheaper. As a result, setting a high or low exchange rate will not benefit the balance of payment or the foreign exchange position. Less exports, more imports when the foreign exchange rate is high, and vice versa when the foreign exchange rate is low, then imports increase and exports decrease. The main problem for countries that carry out Exchange Control is the determination of the appropriate or appropriate foreign exchange rate because the factors surrounding the demand and supply of money orders must be taken into account. The difficulties that may arise in EC are as follows:

- a. Possible emergence of a black market (black market).
- b. Overvaluation of exports. This occurs when an exporter exports a type of goods which according to reports is low (quality B), while what is exported is actually of good quality (quality A), so that his income is actually more than what is reported.
- c. The likelihood of an overvaluation of imports. This happens when an importer imports goods whose value is higher than the reality. This means that importers will get more foreign exchange than they actually do.

The emergence of trading in the foreign exchange market was caused by both potential importers requiring foreign money orders by themselves, as

well as from illegal money bidders. In terms of demand, it was caused by the foreign exchange allocated by the government that was not sufficient for the need for currency at that time, so the shortage prompted importers to seek foreign exchange on the black market. From the supply side, the emergence of a black market is because exporters are not willing to hand over the foreign exchange proceeds from their exports to the government.

Supervision of foreign exchange transactions is the main objective of improving the balance of payment, at least in the short run, namely by forcibly limiting demand within the existing supply limits so that a balance is achieved in a static sense, not a balance in free market. Exchange Control has an influence on two things, namely:

a. Effect of Exchange Control on prices

Reducing imports will result in reduced domestic consumption and increased domestic prices. On the other hand, the price of goods in the exporting country will decline because the market is decreasing. With the increase in domestic prices, the exports will decrease, so it is necessary to take import control measures so that imports can be adjusted to reduce exports.

b. Effect of Exchange Control on income

Import restrictions in countries that carry out Exchange Control will result in an increase in the national income of that country. This is because the production of competing goods over imported goods that are subject to restrictions by Exchange Control will increase. This increase in income will cause goods to be exported abroad to be marketed domestically. Foreign countries whose exports are reduced, their national income will also decrease so that automatically imports from other countries will also

decrease. As a result, in the first country (control country) there will be excess demand. With the increase in imports in the country, prompting to take measures to restrict imports even harder to match the low currency supply.

6.1. History of Exchange Control



Gold Standard Illustration, Photo by Michael Steinberg (UK)

In the days of the gold standard (1870-1914) and (1925-1930), every country could expect an automatic correction of the imbalance in the foreign exchange position through the principle of price specie flow mechanism. Exchange Control has been widely recognized by people since the world suffered from the great depression in 1930-1931, so that many countries have experienced difficulties in balancing payments. Among other things, Britain then gave up its gold standard and Britain was also unable to collect

all its receivables outside the country (Lothian,2016 ; Eichengreen & Flandreau,2005). The difficulty of the balance of payment is caused by, among others:

1. The effect of the Great Depression itself was the contradiction in international trade, so that many had a deficit in the balance of payment.
2. There was a fluctuating political and economic situation during the depression period, which led to capital flight (refugee capital), namely the flight of capital abroad in order to avoid losses of domestic economic instability.

Seeing the role of Britain as such, as the center of international payments at that time, the economic situation in England would affect other countries so that the footprint of Britain which banned the export of gold was followed by other countries. This ban on gold exports caused the balance between gold and paper money to change, meaning that gold money was far less than paper money. This meant that the gold exchange rate went up and paper money depreciated. The exchange rate of the money order no longer ranges between the point of export gold and point of import gold, it has even exceeded this limit because the debt and credit cannot be paid by sending the gold faith. The volatility of note rates at that time, accompanied by a reduction in the supply of gold in most of the countries, served as reasons for setting the exchange rate in an authoritarian manner. With the intention that the foreign exchange positions of the countries concerned would be harmed by the shocks of the exchange rates. With the stipulation of the exchange rate by the government, together with the centralization of buying and selling of foreign currencies in an agency determined by the government, it is hoped that the foreign exchange position and the balance of payment

difficulties can be reduced and resolved. Determination of the selling rate and the buying rate of foreign currencies by the government causes each individual to be able to know with certainty, at what exchange rate he can obtain the required foreign exchange (to pay for the imported goods he does). Likewise, he will also know how many rupiahs he will get if he exchanges the foreign currency he gets from the proceeds of his exports. These symptoms will ensure certainty in foreign payments, thus creating a stable economy.

When countries suffer from a deficit in their balance of payments, they are both faced with the same problem, namely how to adjust between: (1) the need for foreign exchange with (2) maintaining the exchange rate at the existing level. During the early days of the depression, several countries had given up their existing exchange rate rates without attempting corrective action. Depreciation changes have the following consequences:

1. The emergence of an adverse effect on the term of trade.
2. Potential Inflationary Effects (during the depression lowering export prices and raising import prices).

When the depression started to recover, the Exchange Control policy was not considered as a last resort as it was at the beginning of its use, but Exchange Control was widely seen as a policy that had an important role in resolving balance of payment deficits. With the outbreak of World War II, the role of Exchange Control has become increasingly important. Especially for countries that are actively at war, they can no longer afford it continued its usual export volume and now senses that Exchange Control facilitate the solving of the diminishing foreign exchange problems.

6.2. The purpose of Exchange Control

The main purpose of Exchange Control is to balance the demand and supply of existing currencies, besides that Exchange Control also has several other objectives, namely:

1. Prevent Capital Flight

If the domestic economic situation experiences shocks so that it is not profitable, many investors will try to save their investment and capital abroad which is more profitable. This capital flight is called Capital Flight. If this is allowed, it will create problems with the balance of payment in the country.

2. Maintaining Overvalued Currencies

This goal after World War II was the most important objective of Exchange Control. A currency can be maintained at an overvalued level through an Exchange Control policy.

The overvalued rate of a currency is maintained by dividing the currency among its various demands and also allowing a part of the demand that cannot be fulfilled so that the total demand is limited to the existing foreign exchange supply, even though the prevailing exchange rate indicates that the national currency is overvalued. Overvalued is maintained because the country has chosen Exchange Control to improve its balance of payment rather than other alternatives so that at a certain exchange rate, the demand for currency will exceed its supply. In this situation there are 3 ways to improve, namely:

- a. Deflator action with monetary politics and or fiscal politics. This action will reduce the demand for foreign exchange and increase the demand, so that there will be a new equilibrium level.
- b. The exchange rate of the note may be depreciated according to free market conditions to a new equilibrium level.
- c. The government uses Exchange Control to limit the demand for foreign exchange, so that the exchange rate can be maintained, and there is no need for deflation.

Deflation is sometimes a bitter pill, while depreciation is often challenged for various reasons, including the following:

- a. Worsening of the term of trade.
- b. Leads to inflation.
- c. Increase service costs and payment of foreign debts.

3. Protecting domestic programs

The Exchange Control policy can also be used as an anti-deflationary policy, this is because with Exchange Control all international transactions resulting in an increase in demand for foreign exchange can be controlled. Reducing imports by Exchange Control means eliminating sources of leakage in the income stream and preventing unwanted pressures due to slumping international reserves.

Exchange Control will isolate economic activity so as to allow the implementation of an anti-deflationer program, without having to worry that the market will be attacked by cheaper imported goods. It is for this reason

that Exchange Control is used as a weapon to implement the idea of national economic planning.

4. Oversee trade

In the implementation of the distribution of foreign exchange, provisions generally include:

- a. For what purpose can the foreign exchange be given.
- b. With what exchange rate is the foreign exchange given.
- c. Who can and can be given foreign exchange.
- d. In which countries the purchase of imports must be carried out.

To these questions, the general answers are as follows:

- a. Foreign exchange is usually not given to export capital.
- b. Essential goods are generally given at relatively low exchange rates.
- c. For semi-lux goods and lux goods, foreign exchange is given at a high exchange rate, even for free-list goods, in addition to high exchange rates sometimes additional import levies are still imposed.

In the matter of who or which importer will benefit from getting a foreign exchange, what needs to be remembered is that there are certain importers who will benefit because they get more foreign exchange than other importers so that a kind of monopoly arises. With such a division of foreign exchange, the trade will be supervised. Supervision will affect domestic trade as well as foreign trade. Domestically, the Exchange Control importer will influence the determination of national production limits which may be profitable. Against foreign trade, Exchange Control will be able to discriminate in trade with certain countries or to reduce the economic dependence of one country on the economy of another country.

5. Protecting domestic industries

The Exchange Control policy allows for the sharing of basic foreign exchange products, for the sake of production. Certain import exemptions will protect the national market for the producers themselves. Protection of national producers is generally based on two reasons, namely:

- a. Certain import discrimination is justified in light of the fact that some small, growing industries cannot develop without protection.
- b. Reducing the volume of imports with the Exchange Control system is often seen as a way to increase domestic production and employment, but the Exchange Control policy often cannot be expected too far. An example is that trade is reciprocal, which means that if imports are reduced, exports will eventually also decrease.

6. To earn income

In implementing Exchange Control, the government intends to generate income. In the single exchange rate system, the difference between the buying rate and the selling rate is the government's income. Likewise, in the multiple exchange rate system, the difference between the buying and selling rates also represents income for the government.



Photo by Christina Morillo (USA)

International Business

Chapter 7

Understanding International Business



International Business Meeting Illustration, Photo by Sora Shimazaki (Japan)

Understanding International Business is a business whose activities pass through national borders (Sitkin & Mangion-Thornley,2020). This definition includes not only international trade and manufacturing abroad but also the growing service industries in fields such as transportation, tourism, banking, advertising, construction, retail trade, wholesale trade and mass communications. International business is a business activity carried out between one country and another. International business is a business activity that is carried out across the borders of a country. As for business transactions carried out by a country with other countries, it is often referred

to as International Business. What is often referred to as International Business (International Business) is a situation where a company can be involved in a business transaction with other countries, other companies or the general public outside the country.

International business and domestic business are of course different. domestic business is a business activity whose business activities are only within the domestic sphere. Many domestic or local businesses maintain their business activities only in the domestic sphere because they avoid the challenges of entering international markets and their various risks. For example, the existence of trade limits and customs tariffs, differences in legislation, differences in language and culture and several other factors. In terms of people's purchasing power, the differences are also quite significant. The domestic market only relies on the purchasing power of local people.

A country or a company conducts international business transactions in the form of international trade which has several considerations or reasons. Includes economic, political or socio-cultural considerations, not infrequently even based on military considerations. International business cannot be avoided because there is no single country in the world that can fulfil all the needs of its country from goods or products produced by the country itself. This is due to the unequal distribution of resources, both from natural capital and human resources. Inequality of resources will result in the advantage of a country with certain resources. This situation determines whether international business or trade is to be carried out and has several reasons for conducting international business.

Companies that are already engaged in certain fields of domestic business often try to develop their markets overseas. Utilizing idle machine capacity owned by a company is often the motivation for the company's development abroad so that it can produce more efficiently, especially for manufacturing companies. When companies develop and fulfil domestic needs to the maximum, domestic products have the potential to experience a level of saturation and even have experienced a decline phase, while those abroad are actually developing (growth) so that it becomes a rational thing for companies to develop their business abroad. The reason for competition is also a common reason in international business, especially when the competition that occurs in the country tends to be sharper than the competition for the same product abroad. Developing new markets (abroad) is an easier action than developing new products (domestically) which is one of the motivations for companies to expand their business abroad. The potential of the international market is wider than the domestic market because it has a larger number of consumers.

Currently, there are many companies that do not only focus their sales in the domestic sector. In order to reap more profits, expand market reach, and become a well-established domestic company, many businesses are trying their luck by changing their business strategy to become an international business. In order to obtain an international label, the methods taken are varied, from participating in exhibitions to entrusting the products to relatives living abroad. For those of you business people who want to expand their wings to the international market or export market, there are a number of things that need to be considered in order to avoid the various risks that may be experienced. These risks can occur due to unstable

government, currency fluctuations, communication costs and adaptation costs, to other risks.

Before starting an international business, companies need to pay attention to product quality in order to match the quality that exists in the international market. Many local companies use a strategy through a situation driven approach or a situation approach based on culture, demography and market conditions. A product that is suitable in one area is not necessarily suitable in another country, it can be caused by culture and lifestyle. So, the products that the company will offer must be tailored to the tastes, quality and desires of local buyers. To check whether the company's products comply with international standards, companies are usually required to go through several tests and obtain an industrial permit from the party concerned.

One of the problems often faced by international business actors is a lack of understanding of several export-import regulations, both in countries of origin and trade destination countries. It is very important for you to study the regulations in the export destination country to find out what products can and cannot enter the country. So that business people will not choose the wrong buyer so that the export-import cooperation can run smoothly. As an international business actor, it is important to know the technical procedures that exporters need to carry out. Starting from administrative procedures that must be completed, tools and equipment, customs procedures, to payment procedures commonly used. Also prepare documents, so that products that are ready to be sent are not stuck because of incomplete documents.

An international business-based company will base its business activities on considering changes in exchange rates in a country. This is done to avoid the risk of loss due to the weakening or strengthening of an unstable exchange rate (volatile of the exchange rate).

Exchange rate fluctuations pose a significant risk to a company's competitiveness in foreign markets. When the currency of the destination country weakens, the business of international business players will also weaken. As a solution, make adjustments to the request of the destination country. This needs to be done to reduce various expenses and also maintenance costs. In addition, another solution is for exporters or entrepreneurs to pay close attention to the current global economic situation. Before starting an international business, understand all the rules and find the best tricks to penetrate the market. Also, pay attention to quality and choose the right insurance that can guarantee peace.

7.1. General International Business Activities



Illustration of international business activity, Photo by Martin Damboldt (Germany)

The rapid development of science and technology has an impact on advances in the fields of communication, transportation and information. In line with these conditions, the world's population continues to increase, while natural resources or production factors tend to be limited. Each country has its limitations and strengths that encourage existing business activities in a country to expand abroad. Domestic business, which has been carried out by national companies, has begun to be abandoned to move to international-scale businesses, or in other words, companies have begun to engage in international business.

International business is a unit consisting of all forms of commercial transactions carried out by two or more countries. International business is a business whose activities cross national borders. This definition includes not only international trade and manufacturing overseas, but also service industries that are developing in fields, such as transportation, tourism, banking, advertising, construction, retail trade, wholesale trade, and mass communications.

For many companies, their involvement in international business is motivated more by their motive to ensure the survival of the company. Along with these conditions, it is seen that more and more multinational industries are emerging and taking part in the industry, both at the regional and international levels. Companies that have the potential to survive and excel in the next century are global companies. Companies that are unable to compete in the global market, if lucky, will be acquired by companies that are more dynamic. If they don't change, these companies will just disappear.

Companies that enter international business generally involve themselves gradually from the simplest stage which does not contain risk to the most complex stage and contains a very high business risk. The stages are as follows:

1. Incidental Export

A company that starts from the earliest involvement, namely by carrying out incidental exports. It happens when a foreigner arrives in our country, then he buys goods and then sends them to a foreign country.

2. Active Export

Incidental Exports can continue to grow and there will be regular and continuous business relationships and these transactions will become increasingly active. The activeness of business transaction relations is indicated by the growing number and types of commodities of international trade. The active stage in the state company itself began to actively carry out the management of the transaction. Unlike the initial stage where the entrepreneur acts passively which is called the buying stage or "Purchasing".

3. License Sales

License sales are sales of brands or licenses of a business so that the recipient country can carry out extensive management of the marketing and production processes including raw materials and equipment. To use the license, the company and the recipient country must pay a license fee to the foreign company.

4. Franchising

Franchising is a company in a country selling not only licenses or trademarks but complete all its attributes including equipment, production processes, mix recipes for production processes, quality control, quality control of raw materials and finished goods as well as forms of service. What is called "Franchising", or franchise, the company that receives it is called "Franchisee", the company that gives it is called "Franchisor". The types of business include food, restaurants, supermarkets, fitness centres and so on. This form of the franchise which is currently popular in the country itself among domestic companies has several advantages, namely a proven

management system. Has a well-known name. An established performance record for an assessment tool.

5. Overseas Marketing

Marketing abroad requires a higher level of management intensity and involvement because host countries must be active and independent to carry out marketing management for their products in a foreign country (Home Country). Then the company will know more definitely about the behaviour of its consumers who are no other and familiar with it because they are local people or local residents. This stage is often referred to as the active Marketing stage.

6. Total International Business

The last stage is the most intensive stage in engaging in international business, namely "Production and Marketing Abroad". In this stage the foreign company comes and sets up a company in that foreign country complete with all its capital, then carries out the production process in that country, and sells its products in the recipient country. This form has a positive element for developing countries because recipient countries do not need to provide very much capital to build these factories. In general, developing countries are still poor in funds for the development of their nation. This is natural because there is no import, the industrial products from foreign countries will compete and kill the industrial branch in the country itself.

The strength that underlies international business is management-oriented. Orientation is an often unconscious assumption or belief about the nature of

this world. In this case, there are three orientations that serve as guidelines in BI, namely ethnocentric, polycentric, and geocentric, which are then expanded to region-centric. Ethnocentric is an assumption or belief that the country of origin itself is superior. A person with this orientation sees the similarities in the market and believes that products and habits that are successful at home are superior. Therefore, it must be worn everywhere. In an ethnocentric company, operations abroad are considered less important than domestic ones, mainly done to throw off excess domestic production.

Plans for foreign markets are developed at the home office using policies and procedures identical to those used at home. No systematic marketing research was carried out overseas, no substantial product modifications were made, and there was no serious attention to customer needs in overseas markets.

Polycentric is the opposite of ethnocentric, which is the belief that every country is unique and different. The way to be successful in each country is to be able to adapt to the unique differences of each country. In the polycentric stage, subsidiary companies are established in overseas markets. Each subsidiary operates independently and sets its own marketing goals and plans. Marketing is organized on a country by country basis with each country having its own unique marketing policy.

At geocentric and regio centric, companies view the region and the rest of the world as a market and try to develop a regional or global integrated marketing strategy. This is called a world view that looks at the similarities and differences in markets and countries and tries to create a global strategy

that is truly responsive to local needs and wants. Regiocentric is a geocentric orientation that is limited to a regional area. That means management must have a world view towards the regional area but will view the rest of the world with an ethnocentric or polycentric orientation or a combination of both. Ethnocentric companies centralize their marketing management, polycentric companies decentralize, while geocentric and regions-centric companies integrate.

7.2. International Business Barriers



Trade Agreement Illustration Photo by Sora Shimazaki (Japan)

International business will have more obstacles than domestic business. Some of the barriers to international business include:

1. Trade restrictions and import duty rates
2. Differences in language, socio-culture / cultural
3. Political and legal/statutory conditions

4. Operational barriers.

Trade barriers include, among others, the selection of a trading partner from a certain country, usually partners are chosen on the basis of both economic and economic considerations. Another way that is often used by a country to limit the import of a commodity is by setting an "Import Quota". Therefore, exporting countries that wish to expand their international trade routes always look for other countries that do not impose quotas on merchandise. Countries that do not set quotas are referred to as "Nonquota Countries". Another form in a country to limit imports from other countries is by calling it "Exchange Control" or referred to as "Purchasing Returns". So every country that will sell its goods to a country must buy commodities from that country. If the country does not buy the commodity in return, the Import transaction will fail.

Differences are an obstacle to the smooth running of international business, which is because language is a vital means of communication, both spoken and written languages. Without good communication, it is difficult for business relationships to run smoothly. Even though this language difference is an obstacle that must be watched out for and studied properly because an expression in one language cannot be simply expressed in another language. Differences in socio-cultural conditions are a problem that must be observed in conducting international business.

For example, giving colour to a product must be careful because certain colours in one country have meanings in other countries that can have conflicting meanings.

Poor political relations between one country and another will result in limited business relations between the two countries. The provisions of the laws or regulations in force in a country sometimes restrict the conduct of international business.

Operational barriers to international business are in the form of operational problems, namely the transportation or transportation of traded goods from one country to another. This will result in the cost of transportation or sea expedition for the route to be expensive. The high cost of transportation is because the carrier only serves one country normally, so the return of the ship from the destination country will be empty, which will be very dangerous for the safety of the ship itself.

A company that carries out activities internationally carries out its operations in several countries, commonly called Multinational Corporations. The era of globalization that has hit the world wherein the absence of one country will always be affected by the actions of other countries, so that in a fast way at the same time we can find out an event that is happening in every country in the world. It is as if there are no boundaries between one country and another. The need for consumer goods or daily life tends not to differ from country to country. The tendency for equality encourages companies to operate internationally. Companies that will try to find factories to produce the cheapest goods are then marketed all over the world so that they will be more economical and have higher competitiveness. The existence of export-import restrictions between countries encourages a company to produce goods at home and sell abroad.

Reference :

Agenor,P.R.(2020).Monetary Policy and Macroprudential Regulation with Financial Frictions .London : MIT Press.

Agyemang,J.O. Kponyo,J.J., Klogo,G.S., Boateng,J.O.(2020).Lightweight rogue access point detection algorithm for WiFi-enabled Internet of Things(IoT) devices.Internet of Things Volume 11, September 2020, 100200.
<https://doi.org/10.1016/j.iot.2020.100200>

Andersson,E.(2020).Reconstructing the Global Political Economy: An Analytical Guide. Bristol : Bristol University Press

Attig,N., Ghoul,S.E., Guedhami,O., Zheng,X. (2021).Dividends and economic policy uncertainty: International evidence.Journal of Corporate Finance. Volume 66, February 2021, 101785.
<https://doi.org/10.1016/j.jcorpfin.2020.101785>

Baetens,F.(2021).Identity and Diversity on the International Bench: Who Is the Judge?. Oxford : Oxford University

Berman,P.S.(2020).The Oxford Handbook of Global Legal Pluralism.Oxford : Oxford University Press

Bhattacharai,K., Mallick,S.K., Yang,B.(2021).Are global spillovers complementary or competitive? Need for international policy

coordination. *Journal of International Money and Finance*, Volume 110, February 2021, 102291. <https://doi.org/10.1016/j.jimonfin.2020.102291>

Booth, A. (2016). *Economic Change in Modern Indonesia: Colonial and Post-colonial Comparisons*. Cambridge : Cambridge University Press

Brunn, S. D., Zeigler, D. J., Hays-Mitchell, M. (2020). *Cities of the World: Regional Patterns and Urban Environments*. Lanham : Rowman & Littlefield

Bryer, R. (2013). Americanism and financial accounting theory – Part 3: Adam Smith, the rise and fall of socialism, and Irving Fisher's theory of accounting. *Critical Perspectives on Accounting*, Volume 24, Issues 7–8, November 2013, Pages 572-615. <https://doi.org/10.1016/j.cpa.2012.09.004>

Cavusoglu, N. (2018). The chain version of Heckscher-Ohlin theory correctly predicts U.S. trade flows!. *International Economics*, Volume 157, May 2019, Pages 170-178. <https://doi.org/10.1016/j.inteco.2018.10.003>

Cord, R. A., Anderson, R. G., Barnett, W. A. (2020). *Paul Samuelson: Master of Modern Economics*. Cham : Springer

Daft, R. L. (2021). *Management*. New York : Cengage Learning

DiMatteo, L. A. (2021). *International Business Law and the Legal Environment: A Transactional Approach*. London : Routledge

Dullien,S., Goodwin,N, Harris,J.M.(2017).Macroeconomics in Context: A European Perspective. London : Routledge

Eichengreen,B., Flandreau,M.(2005).Gold Standard In Theory & History. Lonodn : Routledge

Ezeaku,H.C., Asongu,S.A., Nnanna,J.(2021).Volatility of international commodity prices in times of COVID-19: Effects of oil supply and global demand shocks.The Extractive Industries and Society,Volume 8, Issue 1, March 2021, Pages 257-270. <https://doi.org/10.1016/j.exis.2020.12.013>

Felbermayr,G., Sandkamp,A.(2019).The trade effects of anti-dumping duties: Firm-level evidence from China. European Economic Review,Volume 122, February 2020, 103367.<https://doi.org/10.1016/j.euroecorev.2019.103367>

Feng,H., He,K.(2020).China's Challenges and International Order Transition: Beyond"Thucydides' sTrap". Ann Arbor : University of Michigan Press.

Fulkerson,G.M., Thomas,A.R.(2020).Urban Dependency: The Inescapable Reality of the Energy Economy. Lanham: Rowman& Littlefield

Hirschman,A.(2018).National Power and the Structure of Foreign Trade. California : Univ of California Press

HoonChoi,J.(2020).Capital controls and foreign exchange market intervention.Journal of International Money and Finance,Volume 101, March 2020,102098. <https://doi.org/10.1016/j.jimonfin.2019.102098>

Itoh,M.(2020).Value and Crisis: Essays on Marxian Economics in Japan, second edition. New York : NYU Press

Jacobson,B.R.(2020).In the Studio: Visual Creation and Its Material Environments. California : Univ of California Press

Kennedy,M.(2016).WTO Dispute Settlement and the TRIPS Agreement. Cambridge : Cambridge University Press

Kim,J.(2020).Strategies of Financial Regulation: Divergent Approaches in Conduct of Mis-Selling in The UK and South Korea. Cham : Springer

Krueger,A.O.(2020).International Trade: What Everyone Needs to Know. Oxford : Oxford University Press

Lee,R.G.(2020).Blackstone's Statutes on Public Law and Human Rights 2020-2021. Oxford : Oxford University Press.

Liu,Z.(2015).Innovation in Global Energy Interconnection Technologies.Global Energy Interconnection 2015, Pages 239-272.<https://doi.org/10.1016/B978-0-12-804405-6.00006-3>

Lothian,J.R.(2016).Purchasing power parity and the behavior of prices and nominal exchange rates across exchange-rate regimes.Journal of International Money and Finance, Volume 69, December 2016, Pages 5-21.<https://doi.org/10.1016/j.jimonfin.2016.06.015>

McNutt,J.G., Hoefler,R.(2020).Social Welfare Policy: Responding to a Changing World. Oxford: Oxford University Press

Murrell,T.S., Mikkelsen,R.L. ,Sulewski,G.(2020).Improving Potassium Recommendations for Agricultural Crops. Cham : Springer

Oqubay,A.,Lin,J.Y.(2020).The Oxford Handbook of Industrial Hubs and Economic Development. Oxford : Oxford University.

Peng,M.W.(2021).Global Strategy. New York : Cengage Learning

Pinstrup-Andersen,P., Watson II,D.D. (2011).Food Policy for Developing Countries: The Role of Government in Global,National,and Local Food Systems. London: Cornell University Press

Sellers,J.M. , Lidström,A., Bae,Y. (2020). Multilevel Democracy: How Local Institutions and Civil Society Shape the Modern State.Cambridge : Cambridge University Press

Sennewald,C.A., Baillie,C.(2020).Effective Security Management. Amsterdam: Elsevier

Simmons,B.A.(2020).Who Adjusts?: Domestic Sources of Foreign Economic Policy during the Interwar Years. Princeton : Princeton University Press

Sitkin,A., Mangion-Thornley,K.(2020).Absolute Essentials of International Business. London: Routledge

Stanzel,V.(2019).New Realities in Foreign Affairs: Diplomacy in the 21st Century. Berlin : Nomos Verlag

Stephen,L.(2020).The English Utilitarians, Volume II (of 3): Volume 2. Berlin : Books on Demand

Taylor,A.M.,Wilson,J.L.F.(2011).International trade and finance: Complementaries in the United Kingdom 1870–1913 and the United States 1920–1930.Journal of International Money and Finance,Volume 30, Issue 1, February 2011, Pages 268-288.
<https://doi.org/10.1016/j.jimonfin.2010.10.002>

Techera,E., Lindley,J. ,Scott,K.N.(2020).Routledge Handbook of International Environmental Law. London : Routledge

Weil,D.(2016).Economic Growth: International Edition. London : Routledge

Wilmsmeier,G., Monios,J.(2020).Geographies of Maritime Transport. Cheltenham : Edward Elgar

Young,J.W., Kent,J.(2020). International Relations Since1945 .Oxford :
Oxford University Press