International economics

International economics is concerned with the effects upon economic activity from international differences in productive resources and consumer preferences and the international institutions that affect them. It seeks to explain the patterns and consequences of transactions and interactions between the inhabitants of different countries, including trade, investment and transaction.

INTERNATIONAL TRADE

International trade studies goods-and-services flows across international boundaries from supply-and-demand factors, economic integration, international factor movements, and policy variables such as tariff rates and trade quotas.

International finance studies the flow of capital across international financial markets, and the effects of these movements on exchange rates.

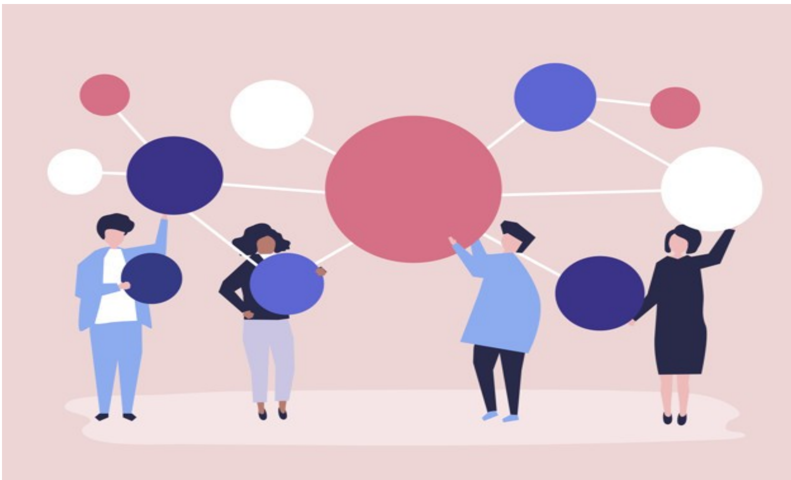
International monetary economics and international **macroeconomics** study flows of money across countries and the resulting effects on their economies as a whole.

Modern analysis has attempted to provide microfoundations for the demand for money and to distinguish valid nominal and real monetary relationships for micro or macro uses, including their influence on the aggregate demand for output.

International political economy, a sub-category of **international relations**, studies issues and impacts from for example international conflicts, international negotiations, and international sanctions; national security and economic nationalism; and international agreements and observance.

Migration

Elementary considerations lead to a presumption that international migration results in a net gain in economic welfare. Wage differences between developed and developing countries have been found to be mainly due to productivity differences which may be assumed to arise mostly from differences in the availability of physical, social and human capital. And economic theory indicates that the move of a skilled worker from a place where the returns to skill are relatively low to a place where they are relatively high should



Globalization

The term globalization has acquired a variety of meanings, but in economic terms it refers to the move that is taking place in the direction of complete mobility of capital and labour and their products, so that the world's economies are on the way to becoming totally integrated. The driving forces of the process are reductions in politically imposed barriers and in the costs of transport and communication.It is a process which has ancient origins, which has gathered pace in the last fifty years, but which is very far from complete. In its concluding stages, interest rates, wage rates and corporate and income tax rates would become the same everywhere, driven to equality by competition, as investors, wage earners and corporate and personal taxpayers threatened to migrate in search of better term.