

Syllabus of Record



Program: CET Shanghai

Course Code / Title: (SH/ECON 310) International Economics

Total Hours: 45

Recommended Credits: 3

Primary Discipline / Suggested Cross Listings: Economics / International Relations, International Business Management, East Asian Studies

Language of Instruction: English

Prerequisites/Requirements: Prior coursework in microeconomics and macroeconomics recommended

Description

This is an upper-level course in international economics that covers important theories in the analysis of international trade, finance, and macroeconomics. It first discusses various models that are used to investigate the patterns of international trade and its welfare and policy implications. New trade theory based on heterogeneous firms is also included. The course next examines main issues in open economy macroeconomics, including foreign exchange markets, balance of payments, international capital flows, global financial crisis, and international policy coordination and growth. Finally, it undertakes a special enquiry into the transformation of the Chinese economy and its economic relations with the rest of the world. Throughout, the theoretical background is used as a basis to solve problems, understand events in world economy, discuss policy issues, and prepare students for advanced studies in the field of economics.

Objectives

At the end of this course students will be able to:

- appreciate the significance of international commerce in history.
- apply international trade theories to examples, cases, and latest events.
- analyze trade policies in a global context.
- understand financial markets, exchange rates, and interest rate policies and practices.
- evaluate the mutual influence between China and international economy.

Course Requirements

Students are to attend each class and field-based course component, as outlined in the CET Attendance Policy. Assigned readings, averaging 50-80 pages per session, must be completed before class. Active participation is essential in this course, and students are expected to come to class prepared to participate thoughtfully in discussions. Graded assignments include:

- Active Class Participation (ACP): Student contributions to class discussions are to demonstrate that they have thought about authors' ideas and how their research connects to course themes and issues.
- Group projects: Students complete a group research project that includes a written research report and a group project presentation. The project encourages collaborative inquiry into an international economics research topic, preferably relevant to the Chinese

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- economy. Group size is two to three students. Presentations are 30 minutes in length and group project papers are no more than 2,500 words in length.
- Midterm exam: There is a midterm exam consisting of multiple choice questions and essay questions.
 - Final exam: The final exam includes three parts: multiple choice questions, compulsory short essay questions, and elective essay questions.

Grading

The final grade is determined as follows:

- Active Course Participation: 20%
- Midterm exam: 20%
- Group project: 15% group paper and 15% group presentation, totaling 30%
- Final exam: 30%

Readings

Bernard, Andrew B. et al. "Firms in International Trade." *Journal of Economic Perspectives* 21, no. 3 (Summer 2007): 105–130.

Chaney, Thomas. "Distorted Gravity: The Intensive and Extensive Margin of International Trade." *American Economic Review* 98, no. 4 (2008): 1707-1721.

Cheung, Yin-Wong, Menzie D. Chinn, and Ian W. Marsh. "How Do UK-Based Foreign Exchange Dealers Think Their Market Operates?" *International Journal of Finance and Economics* 9, no. 4 (2004): 289-306.

Feenstra, Robert C. and Alan M. Taylor, *International Trade*, 4th Edition. New York: Worth Publishers, 2017.

Jin, Xingye, David Daokui Li, and Shuyu Wu. "How Will China Shape the World Economy?" *China Economic Review* 40 (2016): 272-80.

Jing, Linbo. "The Development of the Strategic Trade Policy and Its Application in China." *The Chinese Economy* 50, no. 2 (2017): 97–111.

Krugman, Paul, Maurice Obstfeld, and Marc J. Melitz. *International Economics: Theory and Policy*, Global Edition, 11th Edition. New York: Pearson, 2017.

Liu, Tau and Wing Thye Woo. "Understanding the U.S.-China Trade War." *China Economic Journal* 11, no. 3 (2018): 319-340.

Melitz, Marc J. "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity." *Econometrica* 71, no. 6 (Nov. 2003): 1695-1725.

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Nath, Hiranya K., Lirong Liu, and Kiril Tochkov. "Comparative Advantages in U.S. Bilateral Services Trade with China and India." *Journal of Asian Economics* 38 (2015): 79-92.

Overholt, William H. "China and the Evolution of the World Economy." *China Economic Review* 40 (2016): 267-271.

Trefler, Daniel. "The Long and Short of the Canada-U.S. Free Trade Agreement." *American Economic Review* 94, no. 4 (Sept. 2004): 870-895.

Outline of Course Content

Topic 1: Overview of the course and the Ricardian Model

Topic 2: Ricardian Model Extension, Specific Factors Model, and Heckscher-Ohlin Model

Topic 3: Standard Trade Model, economies of scale, and monopolistic competition

Topic 4: New trade theory; heterogeneous firms

Topic 5: Theories and applications for offshoring and foreign direct investment

Topic 6: Trade policy

Topic 7: Foreign exchange and exchange rate determination

Topic 8: Balance of payment

Topic 9: International monetary system; optimum currency areas

Topic 10: Developing country growth, crisis, and reform; the experience of China