

# CET Syllabus of Record

**Program:** Chinese Studies and Internship in Shanghai

**Course Title:** International Economics

**Course Code:** SH310

**Total Hours:** 45

**Recommended Credits:** 3

**Suggested Cross Listings:** Economics, International Business

**Language of Instruction:** English

**Prerequisites/Requirements:** Microeconomics and Macroeconomics

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## Description

This course is intended for students who are interested in economics from a global perspective. It first introduces the emergence of international commerce in history and the establishment of modern capitalism. Theories of international trade and finance are included, and the emphasis is on the analyses of examples, cases, and latest events around the world. The course applies analytical tools including comparative advantage, global competition and technological change, balance of payments, and trade deficits. Finally, a special enquiry into the rise of the Chinese economy and its relations with the rest of the world is also provided.

## Objectives

Students who take this course are expected to:

- Understand the significance of international commerce in history;
- Apply international trade theories to examples, cases, and latest events;
- Analyze international trade policies in a global context;
- Understand the financial market, exchange rate, and interest rate policies and practices;
- Evaluate the mutual influence between China and international economy.

## Course Requirements

Course readings, averaging 50 pages per session, should be completed before class. Students must attend all classes and are expected to participate actively in all class discussions.

Students take quizzes and one mid-term exam to evaluate their academic progress. At the end of the course, students complete a group research project. Group project presentations and reports are assigned at the start of the course. The project is to encourage collaborative inquiry into an international economics research topic, which preferably includes issues of the Chinese economy. Group size is two to three students. Presentations are twenty minutes in length and group project papers are approximately 3,000 words in length. Presentations are graded on quality of presentation and soundness of analysis.

## Methods of Evaluation

The grade is determined as follows:

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Participation:	10%
Quizzes:	30%
Mid-term Exam:	30%
Final Project:	30%

### Primary Text

Krugman, P. R., Obstfeld, M., & Melitz, M. J. (2012). *International Economics: Theory & Policy*, 9th Edition, Pearson, New York.

### Supplementary Texts & Material

- Gopinath, G., Helpman, E., & Rogoff, K. (2014). *Handbook of International Economics*, Vol. 4. Elsevier, New York.
- Bhagwati, J. Panagariya, A., & Srinivasan, T.N. (1998). *Lectures in International Trade*, 2nd ed., MIT Press, Cambridge MA.
- Bhagwati, J., & Blinder, A. S. (2009). *Offshoring of American Jobs: What Response from U.S. Economic Policy?* MIT Press, Cambridge, MA
- Belloc, M. (2006). Institutions and international trade: A reconsideration of comparative advantage. *Journal of Economic Surveys*, 20 (1), 3-26.
- Jonathan, E., & Kortum, S. (2012). Putting Ricardo to work. *Journal of Economic Perspectives*, 26 (2), 65–90.
- Lucas, R. E. Jr. (1990). Why doesn't capital flow from rich to poor countries? *American Economic Review*, 80 (2), 92–96.
- Jovanovic, M (2008), Does Globalization make sense, *Economia Internazionale*, Feb., 47-80.
- Morgan, R. and Katsikeas, C.S. (1997). Theories of international trade, foreign direct investment and firm internationalization: A critique. *Management Decisions*, 35 (1), 68-78.
- World Investment Report 2014, [www.unctad.org](http://www.unctad.org)
- Rodrik, D. (2000). How far will international economic integration go? *Journal of Economic Perspectives*, 14 (1), 177-186.
- Frost, S. (2004). Chinese Outward Direct Investment in Southeast Asia: How Big are the Flows and What Does it Mean for the Region? *The Pacific Review*, 17 (3), 323-340.
- Ghemawat, P. (2001), Distance still matters: The hard reality of global expansion. *Harvard Business Review*, 79 (8), 137-40, 142-7, 162.
- Fadinger, H. (2011). Productivity differences in an interdependent world. *Journal of International Economics*, 84, 221–232.
- Nishioka, S. (2012). International differences in production techniques: Implications for the factor content of trade. *Journal of International Economics*, 87, 98–104.
- Melitz, M. J., & Trefler, D. (2012). Gains from trade when firms matter. *Journal of Economic Perspectives*, 26 (2), 91–118.
- Sally, R. (2007), Trade policy in Asia: Where next with a crippled WTO and weak FTAs? ECIPE Policy Briefs No. 01/2007.
- Williamson, J. (2005). A Currency Basket for East Asia, Not Just China. Policy Briefs in International Economics, No. PB05-1, Institute for International Economics.

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Gerth, K (2010), *As China Goes, So Goes the World: How Chinese Consumers Are Transforming Everything*. Hill and Wang, New York.

### Supplementary news sources:

- Wall Street Journal
- The Economist
- Financial Times

A mini-session will be held in each class to discuss the news from these sources if the sessions are pertinent to the content of the lectures. Some of the news may be reasonably included in the quizzes and the mid-term exam.

### Outline of Course Content

Note: Fall/Spring students cover approximately 1 or 2 sessions per week. During the summer, when class periods are longer, students cover approximately 2 or 3 sessions per week.

Session 1	Trade in the Global Economy
Session 2	International Trade Theories: The Ricardian Model
Session 3	International Trade Theories: The Heckscher-Ohlin Model
Session 4	External Economies of Scale and the International Location of Production
Session 5	Firms in the Global Economy
Session 6	The Political Economy of Trade Policy
Session 7	Trade Policy Controversies
Session 8	Mid-term Exam
Session 9	Exchange Rates and the Foreign Exchange Market
Session 10	Money, Interest Rates, and Exchange Rates
Session 11	Common Currency Areas
Session 12	Financial Globalization
Session 13	Developing Country Growth, Crisis, and Reform: The China Experience
Session 14	Final Project Presentations