

**ECON 103
International Economics A
2004-2005 Term 1**

Instructor

Assistant Professor Pao-Li Chang

Office: Federal Building #02-05, Tel: 6822-0830

Email: plchang@smu.edu.sg

Office hours: TBA

Prerequisites: Introductory Economics

Course Objectives

This course aims to equip business students with the basic knowledge and skill to analyze international economic issues. Such issues broadly fall into two categories. The first category, generally of a microeconomic nature, is concerned with commodity trade. Issues that will be examined include rationales for trade, determinants of trade patterns, effects of trade on national income distribution, and government policies to alter trade flows.

The second category of issues, generally of a macroeconomic nature, is concerned with monetary payments. We will discuss countries' balance of payments, foreign exchange markets, and government policies to maintain internal and external balances. We will also examine why and when imbalances lead to financial crises.

Assessment / Evaluation

Class participation	20%
Term project	20%
Midterm exam	20%
Final exam	40%

The exams are closed book.

Class Participation

SMU takes student participation in classes very seriously. Students are expected to read and prepare before each class, and to attend each class with an inquisitive mind. Please note the following carefully

- (1) a wide spread of the participation marks will be awarded in the end, i.e. majority of the class getting 17/20 will NOT happen, and 0% out of 20% is not an impossibility;
- (2) attendance is NOT participation, but non-attendance without good cause (and those who leave half way to have a coffee) will be penalized;
- (3) those few who fail to make a positive impression will fail in the participation grade.

Term Projects

Students will form teams of 4-5 to work on term projects. Each project report must be submitted 1 day before the presentation. It should not exceed 15 (one-sided, double-spaced, 12-point font) pages. The grade depends on the quality of the analysis, not the length. Any cutting/pasting from whatever source will be considered as plagiarism and will be penalized. Each project presentation should take about 30 minutes.

To write an interesting research project, the most important first step is to narrow your focus down to a small number of sharp and probing questions. Finding your own focus is an important skill to acquire. For this reason, the suggested topics below are deliberately broad.

1. Effects of WTO on World Trade
2. Proliferation and Impact of Free Trade Agreements
3. Has ASEAN Become Irrelevant as an Economic Association?
4. Foreign Direct Investment in China
5. Economic Future of Singapore
6. Pattern and Impact of Global Outsourcing
7. Practice of Antidumping/Countervailing Duties and Safeguard Measures
8. Understanding the U.S. Trade Deficit; the Dollar and the Deficit
9. The Case for/against Open Capital Markets
10. Sustainability of a Pegged Currency System (e.g. China)

Class Sessions

TBA

Required Texts

Pugel, *International Economics*, 12th ed., McGraw-Hill, 2004.

Other References

- (1) Caves, Frankel and Jones, *World Trade and Payments: An Introduction*, 9th ed., Addison Wesley, 2001.
- (2) Husted and Melvin, *International Economics*, 6th ed., Addison Wesley, 2004.
- (3) Markusen, Melvin, Kaempfer, and Maskus, *International Trade: Theory and Evidence*, McGraw-Hill, 1995.

Course Outline

1. International Trade

Week 1 (16-8-04)	Rationales for Trade (Pugel 2/ CFJ 2.1 – 2.2, 3.1 – 3.2) Basic Model
Week 2 (23-8-04)	Determinants and Effects of Trade Technology – Ricardian Model (Pugel 3/ CFJ 5) Factor Endowments – Heckscher-Ohlin Theorem (Pugel 3,4/ CFJ 7)
Week 3 (30-8-04)	Economies of Scale, Imperfect Competition (Pugel 5/ CFJ 12)
Week 4 (06-9-04)	Trade Policy and Welfare Tariffs (Pugel 7/ CFJ 10)
Week 5 (13-9-04)	Non-tariff Trade Barriers (Pugel 8) Strategic Trade Policies (Pugel 10/ CFJ 12)
Week 6 (20-9-04)	Preferential Trade Arrangements (Pugel 11/ CFJ 14)
Week 7 (27-9-04)	International Factor Movement (Pugel 14/ CFJ 9)
	Midterm Exam
Week 8 (4-10-04)	Recess

2. International Finance

Week 9 (11-10-04)	Balance of Payment Accounts (Pugel 15/ CFJ 15) Foreign Exchange Market (Pugel 16/ CFJ 16)
Week 10 (18-10-04)	Exchange Rate Determination (Pugel 18/ CFJ 19,27) Exchange Rate Intervention (Pugel 19)
Week 11 (25-10-04)	Macro Policies for Open Economies Keynesian and Mundell-Fleming Model (Pugel 21/ CFJ 17,18) Internal and External Balance Adjustment (Pugel 22,23/ CFJ 22,23)
Week 12 (01-11-04)	Exchange Rate Regimes (Pugel 24/ CFJ 26.5) Currency Crisis (Pugel 20/ CFJ 24)
Week 13 (08-11-04)	Project presentations
Week 14 (15-11-04)	Revision Week
Week 15 (22-11-04)	Final Exam

Course Offerings and Prerequisites. ECON 103 - Introduction to Microeconomics Introduction to the economics of markets and market economies. Basic concepts of demand, supply, production, prices, allocation of resources, and distribution of income. ECON 144 - Political Economy of Racism Introductory economic analysis of inequality by race. A range of topics: from colonialism, slavery and Jim Crow to wealth, income and earnings inequality, immigration reform and environmental racism today. ECON 103 or ECON 104 recommended but not required. This is an introductory principles of economics course that covers topics in microeconomics. The breadth of topical coverage limits the course objectives to subject matter mastery. The course will present factual material concerning the operation of the firm and household as well as the development of rudimentary understanding of economic decision-making.

REQUIRED TEXT. 2. Usefulness of economics - economics provides an objective mode of analysis, with rigorous models that are predictive of human behavior. a. Scientific approach. b. Rational choice. MIT Economics courses available online and for free. For over a century, the Department of Economics at MIT has played a leading role in economics education, research, and public service. The Economics Department today is a vibrant collection of faculty and students. We offer a challenging and stimulating undergraduate experience. Introduction to economics O. Birchall assisted by D. Verry EC1002 2016 Undergraduate study in Economics, Management, Finance and the Social Sciences This subject guide is for a 100 course offered as part of the University of London International Programmes in Economics, Management, Finance and the Social Sciences. Contents Contents Introduction . 1 Introduction to the subject area . 1 Aims of the course. 1 Learning outcomes . 2 Overview of learning resources .