

BSE4761A Seminars in Business Economics: International Economics

NUS Business School
Department of Strategy and Policy



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1 Course Description

Until recently, the conventional wisdom was that international macroeconomics has evolved where there's a clear dichotomy between rich economies – countries characterized by stable economic growth, uninterrupted international trade flow, absence of sovereign debt crisis –and emerging economies. Severe economic crisis were believed to be endemic to emerging market countries.

The global financial crisis of 2009-2009, the European sovereign debt crisis and the collapsed of international trade during the Great Recession challenged this view. These major international economic events broke out in the developed world and propagated its effect to most regions of the world.

In this course, we will review the conceptual framework to understand contemporary international economic dynamics. We will use these frameworks to try to illuminate our understanding of issues related to international economics and international finance, and how these issues can help us to make better managerial and business decisions.

The course will be divided in two parts. The first section will focus on theoretical models and empirical facts. The second section will be more like a seminar course with presentations on a wide discussion on topics in international finance and international economics.

2 Learning Outcomes

The goal of the course is to provide a clear framework to analyze and interpret data through the lenses of an economic model.

At the end of the course, the student should be able to

1. Understand modern and historic perspectives on international trade and how to apply these knowledge to make informed managerial decisions

2. formulate and assess current economic trajectories
3. understand how international economic events/shocks can be propagated to different economies through different channels of transmission

3 Office Hours

Please feel free to discuss course related problems with me or with the TA during regular office hours. **You are strongly advised to discuss your difficulties before they become too serious.** To take full advantage of our meeting, please have your questions prepared, and abstain from using electronic devices during these sessions.

In addition to our regular office hours, I will on occasion have extra office hours for you to sign up to meet with me on a one-to-one basis.

You are encouraged to use these extra office hours if you have a question that requires a one-on-one meeting. **Please do not sign up for more than one slot in the extra office hour session.**

4 Textbook

There are no textbook assigned for the course. If you wish to consult a textbook for reference, the following textbooks can be quite useful:

- "International Macroeconomics" by Stephanie Schmitt-Grohe, Martin Uribe and Michael Woodford. Mimeo Princeton University Press.
- "International Economics" by Robert Feenstra and Alan Taylor, Worth Publishers
- Krugman, Paul and Maurice Obstfeld, International Economics: Theory and Policy, 2005, 7th edition, Addison Wesley

5 Class Meetings: TBA

6 Lectures Notes

I will post the lecture presentations for this class a day or two before each lecture. But these are not self-contained slides, and are not substitutes for class participation. It is a roadmap of our lecture rather than a comprehensive manual.

7 Means of communication

Email is the most efficient way to reach me. **Please include the course number in the subject line [BSE4761A], followed by a brief phrase summarizing the subject of your message.** I usually respond within 24 hours (with the exception of weekends). If you don't hear back from me by then, please do not hesitate to resend me an email.

Email does not work well for explaining lengthy concepts or graphs. If you do not understand a particular concept, it is probably better to see me or the T.A. in person. Finally, before emailing a question, see if your question can first be answered by looking at the syllabus, the LumiNus website, recent email announcements, or by asking a classmate. For example: “Is there a homework due?” or “When is the exam? ” are good examples of this redundancy.

8 Tentative Course Schedule

Week	Topics
1	Review, Preliminaries
2	Gains From Trade and Comparative Advantage
3	Trade Theory with Firm-Level Heterogeneity
4	Case Study (I): Trade-War
5	Offshoring and Fragmentation of Production Midterm Review
6	Case Study (II): Nike versus New Balance: Trade Policy in a World of Global Value Chains Midterm
Recess Week	
7	Global Imbalances, Exchange Rates
8	International Financial Markets/Sovereign Debt
9	Case Study (III): The Greek Crisis: Tragedy or Opportunity?
10	International Business Cycles
11	Currency Crises and Banking Panics Case Study (IV) Asian Financial Crisis
12	Political Economy, Trade Policy and the WTO Case Study (V): China’s Accession to the WTO
13	Wrap-up Final Test
Reading Week	

9 Optional Reading List

- A. Young, "Learning by Doing and the Dynamic Effect of International Trade," *Quarterly Journal of Economics*, 106 (1991), 396–406.
- Bernanke, B. S. (2005). "The Global Saving Glut and the U.S. Current Account Deficit". Speech at the Sandridge Lecture, Virginia Association of Economists, March 10, 2005.
- Chari, V. V., Patrick J. Kehoe, and Ellen R. McGrattan. 2005. "Sudden Stops and Output Drops." *American Economic Review*, 95(2): 381–87.
- C. Arkolakis, "Market Penetration Costs and the New Consumers Margin in International Trade," *Journal of Political Economy*, 118 (2010), 1151–1199.
- Calvo, Guillermo A., and Carmen M. Reinhart. 2000. "When Capital Inflows Come to a Sudden Stop: Consequences and Policy Options." In *Reforming the International monetary and Financial System*, ed. Peter B. Kenen, and Alexander K. Swoboda, 175–201. Washington, DC: International Monetary Fund.
- J. Eaton, S. Kortum, and F. Kramarz, "An Anatomy of International Trade: Evidence from French Firms," *Econometrica*, 79 (2011), 1453–1498.
- Holmes, TJ, ER McGrattan, EC Prescott, 2013, "Quid pro quo: Technology capital transfers for market access in China," *Review of Economic Studies*, 82(3): 1154–1193, July 2015.
- Mendoza, Enrique G., Jose-Victor Rios-Rull and Vincenzo Quadrini. "Financial Integration, Financial Deepness and Global Imbalances." *Journal of Political Economy* 117, 3 (2009): 371-410.
- IMF (2005). "Global Imbalance: A Saving and Investment Perspective" *World Economic Outlook*, Chapter 2, September 2005.
- Summers, L. H. (2004). "The United States and the Global Adjustment Process". Speech at the Third Annual Stravos S. Niarchos Lecture, Institute for International Economics, March 23, 2004.
- Gopinath, Gita. 2004. "Lending Booms, Sharp Reversals and Real Exchange Rate Dynamics." *Journal of International Economics*, 62(1): 1–23.
- Uribe, Martin, and Vivian Z. Yue. 2006. "Country Spreads and Emerging Countries: Who Drives Whom?" *Journal of International Economics*, 69(1): 6–36.

10 Requirements and Grading:

10.1 Group Assignment

1. I will give 2 Group Assignment during the course.
2. No late Assignment will be accepted.

3. **All of your answers should be typed and submitted via LumiNus, including graphs and algebra. Work that is not typed gets an automatic penalty of 25% of the total grade.**
4. **Problem sets are team-based (group of min 5 - max 6). All the team members are expected to work cooperatively as a group. I just need one copy per group.**
Learning how to work in group effectively is crucial for your success in the life.
Make sure you do your work and contribute to your team. If there's any issues with your team in terms of collaboration, address them early on before it becomes too late. I'd prefer that you attempt to solve it on your before coming to me as the final recourse.
5. **Nearly identical works will be considered as plagiarism and an automatic zero will be assigned for that assignment.**

10.2 Individual Assignments

1. Midterm Assignment: **week 6**
2. Final Assignment: **week 12 or week 13**
3. Qualified students with disabilities who anticipate needing any type of accommodation in this course should notify the instructor by the third week of class.

11 Grading Policy and Grading Scale

The following table gives the composition of the final scores:

Activities	Percentage of final grade
Group Assignment	20%
Group Presentation	20%
Class Participation	10%
Midterm Individual Assignment	25%
Final Individual Assignment	25%

PROCEDURES AND POLICIES

STATEMENT OF ACADEMIC INTEGRITY:

The University is committed to nurturing an environment conducive for the exchange of ideas, advancement of knowledge and intellectual development. Academic honesty and integrity are essential conditions for the pursuit and acquisition of knowledge, and the University expects each student to maintain and uphold the highest standards of integrity and academic honesty at all times.

The University takes a strict view of cheating in any form, deceptive fabrication, plagiarism and violation of intellectual property and copyright laws. Any student who is found to have engaged in such misconduct will be subject to disciplinary action by the University.

It is important to note that all students share the responsibility of protecting the academic standards and reputation of the University. This responsibility can extend beyond each student's own conduct, and can include reporting incidents of suspected academic dishonesty through the appropriate channels. Students who have reasonable grounds to suspect academic dishonesty should raise their concerns directly to the relevant Head of Department, Dean of Faculty, Registrar, Vice Provost or Provost.

For further information, see <http://www.nus.edu.sg/osa/resources/code-of-student-conduct>.