

## Course Outline

<b>Course Code</b>	: BSE4761A
<b>Course Title</b>	: <b>Seminars in Business Economics: International Economics</b>
<b>Semester</b>	: Semester 1, Academic Year 2024-2025
<b>Faculty</b>	: Cai Daolu, PhD
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### Overview

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, and absence of sovereign debt crisis –and emerging economies. Severe economic crises were believed to be endemic to emerging market countries.

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

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

The course will be divided into 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 of topics in international finance and international economics.

### Course Objectives

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

**General Guide & Reading** (e.g. Case preparation guide, project report guide, main textbook & supplementary materials, etc)

There is 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

#### 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.

All supplementary materials will be posted on Canvas.

#### Assessment

Assessment Components	Weightage
Group Assignment	20
Group Presentation	20
Class Participation	10
Midterm Individual Assignment	25
Final Individual Assignment	25

### **Academic Honesty & Plagiarism**

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is “the practice of taking someone else’s work or ideas and passing them off as one’s own” (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubt, you should consult your instructor.

### **Additional guidance is available at:**

- <http://www.nus.edu.sg/registrar/administrative-policies-procedures/acceptance-record#NUSCodeofStudentConduct>
- <http://nus.edu.sg/osa/resources/code-of-student-conduct>

### Schedule and Outline

Lesson/ Week	Date (See NUS Academic calendar)	Topic	Chapter	Activity (preparation / cases & assignments / follow-up readings & resources)
1		Review, Preliminaries		
2		History of Economic Thought on Trade		
3		Gains From Trade and Comparative Advantage		<b>Case Study (I): Trade- War</b>
4		Trade Theory: Tension and Frictions		Group Assignment I DUE
5		Trade Theory: Tension and Frictions, Continuation		<b>Case Study (II): Nike versus New Balance: Trade Policy in a World of Global Value Chains</b>
6		Midterm Review		Midterm Assignment
		<b>Recess Week</b>		
7		Global Imbalances, Exchange Rates		
8		International Financial Markets/Sovereign Debt		<b>Case Study (III): The Greek Crisis: Tragedy or Opportunity?</b>
9		International Financial Markets/Sovereign Debt, Continuation		
10		Topic on Economic Integration		
11		Currency Crises and Banking Panics		<b>Case Study (IV) Asian Financial Crisis</b>
12		Wrap-up		
13		<b>Group Presentation</b>		<b>Final Assignment</b>