

SYLLABUS: INTERNATIONAL ECONOMICS - ECON-UH 2610

Credit Hours: 4

Lectures: This is a 14-week course with two classes (1hr 15 min each) per week

Lecture Schedule: Monday/Wednesday – 9.00-10.15

Instructor: Professor Samreen Malik

E-mail: samreen.malik@nyu.edu

Office hours: Monday/Wednesday – 2.00-4.00

REQUIRED TEXT:

Robert C. Feenstra and Alan M. Taylor, “International Economics”, Worth 2008.

OTHER READINGS:

You are highly encouraged to also use the following resources; *the Economist*, *the Financial Times* and *the Wall Street Journal*; for additional articles and readings.

RECOMMENDED READINGS:

Textbook:

Paul Krugman and Maurice Obstfeld: “International Economics: Theory & Policy”, 8th edition, Addison Wesley

NOTE ON COURSE MATERIAL:

The course materials will primarily be based on the Text book (relevant chapters).

PREREQUISITES

The prerequisite for this course at NYUAD is *Markets*. It will also be assumed that students are reasonably familiar with basic mathematical tools, graphics and simple statistics. No other prior knowledge will be assumed.

COURSE DESCRIPTION

This course is an introduction to international economics. It will introduce students to important theories in the analysis of international trade and international macroeconomics and finance which will help students in understanding events in the world economy and related policy issues. This course consists of two parts: (1) International Trade and (2) International Macroeconomics and Finance.

In the first part of the course, we will study international trade in goods and services. We will determine various economic forces that shape patterns of trade. We will investigate why economies trade, what products they trade, who trades them, at what price and quantities they trade, and study some of the benefits and costs of trade. In addition, a significant part of the course will also cover various policies that governments use to shape trade patterns among countries, and the reasons for implementing such policies.

In the second part of the course, we will study international macroeconomics and finance which is devoted to the study of large scale economic problems in interdependent economies. Specifically, we will study the economic linkages in terms of currencies, trade and capital flows between different economies. The main issues we study include: Foreign exchange markets, balance of payments, capital flows, financial crises, as well as the coordination of monetary and fiscal policies in a global economy.

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Note: Primarily this course covers standard theoretical models of international trade and finance.

ASSESSMENT

The grading will be based on three parts:

Homework exercises	20%
Midterm Exam I	25%
Midterm Exam II	25%
Project	30%

Homework exercises:

There will be 5 homework exercises (Three homework will be regular homework while the remaining two will be sample midterms), each counting for 4% of the final grade. The due date for each assignment is provided in the mini schedule section of this document. If you miss a class, you are responsible for finding out about any important announcements in class and changes in assignments. Failure to attend class is NOT an excuse for turning in assignments late. Late assignments will not be accepted.

Exams:

There are two midterm (written) exams, which are scheduled on 8th March, 2017 and 26th April, 2017. The written section of the project will be due on 10th May. Midterm Exams are closed-book and other aids, including any notes, electronic or paper dictionaries, should not be used. Cell phones cannot be used as calculators and must be turned off and kept out of sight during all exams. The mid-term will cover all the material covered prior to the mid-term exam day.

Project:

A detailed outline of the project with the grading scheme is provided at the end of this document.

Grading:

Grades	Marks
A	95-100
A-	90-94
B+	85-89
B	80-84
B-	75-79
C+	70-74
C	65-69
C-	60-64
D	50-59
F	Below 50

Late Homework and Exam Absence

Late homework will not be accepted under any circumstance. The home works will be online way in advance and therefore no excuse will be accepted for late home works. You must check the NYU class for any due dates regularly. However, the due dates are also provided in the mini schedule.

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There is no make-up examination for the midterm and the final exam. If you cannot make it to the midterms due to clashes with other class times or exams, you should not take this class. In case you have booked plane tickets for the Fall/Spring break that clashes with the mid-term exam or any other assignment deadline, please do not take this class. Any requests to reschedule the exam (or) late submission of homeworks will not be entertained.

Exception: *In extreme cases* (personal or medical emergencies, in which case the student must provide a written statement signed by a doctor, parent, or university official) that presses you to miss the mid-term exam, written statement must be provided.

Re-grading

Any homework/exam for which there is a re-grade request, it must be done within seven days after I return the exam to you. The request for re-grade must be in writing and attached to the exam when submitting the exam for a re-grade. The request must include a description of what the problem is and why you think the exam should be graded differently.

PARTICIPATION AND ATTENDANCE POLICIES

Participation

Students are responsible for attending all class meetings, participating responsibly in class discussions and completing all class assignments.

Specifically, students should try their best:

- i) to come to class on time
- ii) to refrain from packing up belongings before class ends
- iii) not to make noises that might create a disruption in class (e.g., keep your cell phone in vibration mode or turn it off)
- iv) to give attention while either instructor or another student is speaking

Code of Conduct

Cheating will be taken very seriously. You are responsible to follow all the relevant policies by the University or Faculty/Department.

Communication

I reply to emails quite frequently and I will be happy to answer questions on the course material by email/appointment/office hours. Please indicate the course name in the subject line when emailing. In case, I feel that email is not the best mode to explain your problem; I will be happy to set a separate appointment so that you may come to discuss the related questions. Occasionally, I will post some of the questions received—with my answer—on the course website. Hopefully, this will be an efficient way to disseminate information. Student identifiers will be removed if I post a question (if you do not want your question posted, just say so in your email.)

The outline provided is tentative and subject to change at the **instructor's discretion**.

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COURSE OUTLINE

(Subject to changes as we go along)

Week	Date	Lecture	Topic	CH
Week 1	25-Jan	Lecture 1	Trade in the Global Economy	1
	30-Jan	Lecture 2	Trade and Technology The Ricardian Model (I)	2
Week 2	1-Feb	Lecture 3	Trade and Technology The Ricardian Model (II)	2
	6-Feb	Lecture 4	Gains and Losses from Trade in the Specific-Factors Model	3
Week 3	8-Feb	Lecture 5	Gains and Losses from Trade in the Specific-Factors Model	3
	13-Feb	Lecture 6	Trade and Resources The Heckscher-Ohlin Model	4
Week 4	15-Feb	Lecture 7	Trade and Resources The Heckscher-Ohlin Model	4
	20-Feb	Lecture 8	Movement of Labor and Capital Between Countries	5
Week 5	22-Feb	Lecture 9	Movement of Labor and Capital Between Countries	5
	27-Feb	Lecture 10	Trade Policy under Perfect Competition	8
Week 6	1-Mar	Lecture 11	Trade Policy under Perfect Competition	8
	6-Mar	Lecture 12	Practice exam discussion	
Week 7	8-Mar	Lecture 13	Midterm I	
	13-Mar	Lecture 14	Mid-term I discussion/Project	
Week 8	27- Mar	Lecture 15	Trade Policy under Perfect Competition	8
	29-Mar	Lecture 16	Agriculture/High tech Subsidies	10
Week 9	3- Apr	Lecture 17	Agriculture/High tech Subsidies	10
	5-Apr	Lecture 18	The Global Macroeconomy (Background reading) & Exchange Rates and the Foreign Exchange Market	12 & 13
Week 10	10-Apr	Lecture 19	Exchange Rates II The Asset Approach in the Long Run	14
	12-Apr	Lecture 20	Exchange Rates II The Asset Approach in the Long Run	14
Week 11	17-Apr	Lecture 21	Exchange Rates II The Asset Approach in the Short Run	15
	19-Apr	Lecture 22	Exchange Rates II The Asset Approach in the Short Run	15
Week 12	22-Apr	Lecture 23	National and International Accounts Income/Wealth/Balance of Payments	16
	26-Apr	Lecture 24	Midterm II	
Week 13	1-May	Lecture 25	Project Progress	
	3-May	Lecture 26	Presentation 1 and 2	
Week 14	8-May	Lecture 27	Presentation 3 and 4	
	10-May	Lecture 28	Presentation 5 and 6	

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Mini Schedule:

Date	Lecture	Mini Schedule	Online	Due
25-Jan	1 CH 1	(1) Questions to be answered in International trade course. (2) Terminology (3) Some useful measures		
30-Jan	2 CH 2	(1) Absolute and Comparative Advantage (a) Marginal Product of Labor (3) Production Possibility Frontier (4) Opportunity cost (5) Indifference curve (6) Wages (7) Comparative Adv. (eg) and Absolute Adv. (eg.)		
1-Feb	3 CH 2	(1) International Trade Equilibrium (a) Production and consumption (b) World price line (c) Wages (d) International pricing (e) Terms of Trade	Assignment 1 Online (4%)	
6-Feb	4 CH 3	(1) What we learnt in Ricardian Model (a) Specific Factor Model (b) Setting (i) Country (ii) Input and diminishing returns (iii) PPF (iv) Opportunity cost and price (v) Foreign country		
8-Feb	5 CH 3	(1) Gains from Trade (a) Wages (i) Change in relative prices (ii) Earnings of capital and land		
13-Feb	6 CH 4	(1) Setting (a) PPF (b) Indifference curve (2) No-trade equilibrium (d) Price and Quantity (3) Free trade equilibrium & Heckscher Ohlin theorem	Assignment 2 Online (4%)	Assignment 1 Due
15-Feb	7 CH 4	(1) Effects of trade on factor price (2) Stolper Samuelsson Theorem (3) Leontief Paradox (If time)		
20-Feb	8 CH 5	(1) Movement of labor between countries (2) Movement of capital between countries		

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22-Feb	9 CH 5	(1) Movement of capital between countries (2) Gains from labor and capital movement		
27-Feb	10 CH 5	(1) Movement of labor	Sample Midterm I Online (4%)	Assignment 2 Due
1-Mar	10 CH 5	(2) Gains from labor and capital movement		
6-Mar	12	Practice exam discussion		Sample Midterm Due
8-Mar	13	Midterm I (25%)		
13-Mar	14	Midterm Score and Project Discussion	Project Online (30%)	
27-Mar	15 CH 8	(1) Import quotas (small country) (2) Import tariff (large country)		
29-Mar	16 CH 10	(1) Introduction to subsidies (2) Export Subsidy (small and large country)		
3-Apr	17 CH 10	(3) Production subsidy (4) High Tech Export	Assignment 4 Online (4%)	
5-Apr	18 CH 12/13	(1) Exchange rate essentials (a) ER practices (b) Market for Foreign Exchange (c) Arbitrage and IR		
10-Apr	19 CH 14	(1) ER and prices in the LR (2) Money, prices and ER in the LR (3) Monetary Approach		
12-Apr	20 CH 14	(1) Money, Interest and Prices in LR (2) Monetary Regime and ER Regime		Assignment 4 Due
17-Apr	21 CH 15	(1) ER and Interest rates in the short run: UIP and FX market equilibrium (2) Interest rates in SR: Money Market Equilibrium (3) Asset Approach		
19-Apr	22 CH 15	(1) A complete theory: Unifying Monetary and Asset approach (2) Fixed ER and Trilema	Sample Midterm II Online (4%)	
22-Apr	23 CH 16	(1) Measuring macro-economic activity (2) Income, product and expenditure (3) Balance of Payment		Sample Midterm II Due
26-Apr	24	Midterm II		
1-May	25	Project Progress		

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3-May	26	Presentation 1 and 2 (5%)		
8-May	27	Presentation 3 and 4 (5%)		
10-May	28	Presentation 5 and 6 (5%)		Project Due

Task	Online	Due	Grade
Assignment 1	1-Feb	13-Feb	4%
Assignment 2	13-Feb	27-Feb	4%
Assignment 3/Sample Midterm I	27-Feb	6-Mar	4%
Midterm I	8-Mar	8-Mar	25%
Assignment 4	3-Apr	12-Apr	4%
Assignment 5/Sample Midterm II	12-Apr	22-Apr	4%
Midterm II	26-Apr	26-Apr	25%
Project	13-Mar	10-May	30%
Presentation (I & II)	3-May	3-May	5%
Presentation (III & IV)	8-May	8-May	5%
Presentation (V and VI)	10-May	10-May	5%

Project: International Economics

(Written Report (10%) – Joint Grade, Class participation (10%) – Individual Grade and Presentation (10%) – Individual Grade)

Total Grade: 30%

Please read this document carefully, it contains dates, deadlines and other important information about the project.

The project for this class constitutes of the following three parts:

(1) Report (10%) [Due on 10th May]

Part (a) 6%

a. Summary of the listed papers (see the details below): The summary should be no more than single spaced and single sided 1 page (12 Font, Times Roman).

The summary should be in the following format:

Main Heading: Name of the Paper, Authors, Date

i. Sub heading 1: Question studied and why is it interesting.

ii. Sub heading 2: Data sources used and the methodology followed (Note for the methodology you can separate this sub heading into further sub-headings to explain more about the steps used in the methodology.

Bonus points will be awarded for the well explained methodology part. You may use any relevant mathematical expressions.

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iii. *Sub heading 3: Main Results*

iv. *Sub heading 4: Contributions*

Part (b) 4%

b. *How is the empirical/theoretical evidence provided in the assigned article related to the classical theory of International Trade (Ricardian Model, Specific factor Model, Heckscher Ohlin Model (or) any other discussed theories in class.*

(2) **Presentation 10% [All presentations will take place on 3rd 8th and 10th of May, I will assign the Group number].**

a. *You are required to select as many papers as the number of people in your group.*

b. *Each member of the group must present.*

c. *Presentation format:*

i. *Summary of the papers*

ii. *Connection of the paper to the classical theories*

iii. *Answer questions*

(3) **Class Participation 5%+5% [Attendance and participation on 3rd 8th and 10th of May will be counted].**

All papers can be searched using google scholar or google. Make sure that the authors' names coincide with your searched article. Dates may vary since the paper may be published now. Google scholar lets you see all available versions of the paper (tab is available).

(1) Skill Dispersion and Trade Flows

Bombardini, Matilde, Giovanni Gallipoli, and Germán Pupato. 2012. "Skill Dispersion and Trade Flows." *American Economic Review*, 102(5): 2327-48.

(2) The China Syndrome: Local Labor Market Effects of Import Competition in the United States

David Autor, David Dorn, and Gordon Hanson *American Economic Review*, 2013, 103(6), 2121–2168.

(3) The Composition of Exports and Human Capital Acquisition

William W. Olney, 2013. "The Composition of Exports and Human Capital Acquisition," Department of Economics Working Papers 2013-18, Department of Economics, Williams College, revised Sep 2013

(4) Trade, Education, and The Shrinking Middle Class

Blanchard, Emily J. and Willmann, Gerald, Trade, Education, and the Shrinking Middle Class (February 12, 2013). Bielefeld Working Papers in Economics and Management No. 03-2013. Available at

SSRN: <http://ssrn.com/abstract=2216593> or <http://dx.doi.org/10.2139/ssrn.2216593>

(5) Do Temporary Help Jobs Improve Labor Market Outcomes for Low-Skilled Workers? Evidence from 'Work First'

David H. Autor and Susan N. Houseman *American Economic Journal: Applied Economics*, July 2010, 2(3), 96–128.

(6) Untangling Trade and Technology: Evidence from Local Labor Markets

David Autor, David Dorn, and Gordon Hanson *The Economic Journal*, 2015, 125 (May), 621–646.

(7) Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure

David Autor, David Dorn, Gordon Hanson and Kaveh Majlesi NBER Working Paper #22879, December 2016.

(8) The China Shock: Learning from Labor Market Adjustment to Large Changes in Trade

David H. Autor, David Dorn, and Gordon H. Hanson *Annual Review of Economics*, 2016, 8, 205–240.

(9) Import Competition and the Great U.S. Employment Sag of the 2000s

Daron Acemoglu, David Autor, David Dorn, Gordon H. Hanson, and Brendan Price *Journal of Labor Economics*, 2016, 34(S1), S141–S198.

(10) Who benefits from regional trade agreements? The view from the stock market.

Christoph Moser, Andrew K. Rose. (2014) *European Economic Review* 6831-47.

(11) Civil Wars and International Trade.

Philippe Martin, Thierry Mayer, Mathias Thoenig. (2008) *Journal of the European Economic Association* 6:2-3541-550.

Additional Details

Each group should consist of four students. You have to read four different articles (one article for each student in the group) and summarize the article as mentioned above. In the second part of the report, you have to make comparisons with the existing classical model of trade and also find various links which are common across the four papers your group is reading/analyzing.

*Groups can be made on your own. You must submit the following information to me by **1st April, 2017**.*

(a) *Name of 3 group members;*

(b) *3 or 4 articles from the listed articles on page 2.*

<i>Group</i>	<i>Group</i>	<i>Date of Presentation</i>
<i>Group 1</i>	<i>Group 2</i>	<i>3rd May</i>
<i>Group 3</i>	<i>Group 4</i>	<i>8th May</i>
<i>Group 5</i>	<i>Group 6</i>	<i>10th May</i>

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Presentation: The presentation must not be more than 30 minutes long per group (including questions from the audience).

Presentation is worth 10%. Presentation must include (1) Review of the assigned/ article (2) Comparison of the listed article especially with the classical models and concepts covered in class.

Written Report is worth 10%. The grade for the report will be a joint grade therefore I encourage each member to take interest in the other group member's report, paper and discussion. One bad report will drive down the overall grade so you have an incentive to work as a group and understand other member's paper and work. Moreover, in the presentation a question may be posed to a particular member (who was not directly assigned a paper) and the presentation grade will be affected for the member only if the member is unable to answer the question convincingly.

Class participation and Discussion and Attendance (10%): Students will also be awarded class participation for attendance (total of 5%).