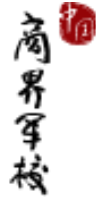




PHBS
北京大学汇丰商学院



ECON550 Module 2, 2018-2019

Course Information

Instructor: Christer Ljungwall

Office: PHBS Building, Room 702

Email: christer@phbs.pku.edu.cn

Office Hour: By appointment (arrange via email)

Teaching Assistant:

Stevanus Tjunandar

Email: 1701213818@sz.pku.edu.cn

Classes:

Lectures: Monday, 13:30 – 15:20 Thursday, 13:30 – 15:20

Venue: PHBS Building, Room 225

Course Website:

PHBS Course Management System

1. Course Description

1.1 Context

Course overview:

This course is a detailed survey of the theory behind international trade, trade policy issues, and the implications of tariffs and non-tariff barriers for trade and welfare. The course will provide students with an analytical framework for the study of international trade.

Historically, international trade has played a critical role in enabling countries to grow, develop, and become economically powerful. Through international trade in goods and services, the economies of different countries are more closely linked to one another now than ever before. Keeping up with the shifting international environment has become a central concern in business strategy and national economic policy. This course will cover a broad array of relevant topics in four blocks: (I) *International Trade Theory*, (II) *International Trade Policy*, (III) *Exchange Rates and Open-Economy Macroeconomics*, and (IV) *International Macroeconomic Policy*.

The course will explore both theoretical models and empirical studies as we seek to determine a model that best fits "real world" data. We will compare and contrast competing theories concerning the nature of international trade and the gains or losses thereof. We will work to understand the economic intuition behind technically demanding models and define the assumptions behind various theories before evaluating how well those models fit actual trading economies. We will also explore the relevance and policy implications of various theories/models, especially in terms of growth, income distribution, and development.

1.2 Textbooks and Reading Materials

Primary textbook:

Krugman, P.R, Obstfeld, M., and Melitz, M. "International Economics, Theory & Policy" 10th Ed, 2014.

Other learning materials:

Papers, lectures, video, and other resources as provided by the instructor.

2. Learning Objectives/Outcomes

2.1 Intended Learning Objectives/Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Yes
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes
	2.2. Students will be able to apply trade theories and related skills.	Yes
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyse international trade problems, provide a solution and defend it.	Yes
	3.2. Our students will practice ethics in the duration of the program.	Yes
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure to relevant trade issues	Yes
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes
	5.3. Our students will demonstrate competency in critical thinking.	Yes

2.2 Course Unit Learning Objectives/Outcomes

Unit	Unit Title	Outcomes (not limited to)
1	International Trade Theory	<ul style="list-style-type: none"> • Define international economics, and distinguish between international trade and international finance • Define comparative advantage and opportunity cost • Explain how nations gain from trade in the <i>Ricardian</i> model • Explain the main theorems in the <i>Heckscher-Ohlin</i> model • Define the terms of trade • Explain the income effect and the substitution effect caused by a change in relative prices • Explain how the gains from trade differ when the model allows for economies of scale
2	International Trade Policy	<ul style="list-style-type: none"> • Explain the welfare effects on consumers, producers, and the government of a tariff on a partial equilibrium graph for large and for small countries • Explain how prices change as a result of a tariff for large and for small countries • Describe the wave of trade liberalization in developing countries that began in the 1980s
3	Exchange Rates and Open-Economy Macroeconomics	<ul style="list-style-type: none"> • Explain the relationship between the current account and the capital account balances • Explain how a country's government budget balance and its current account balance are related • Explain the real interest rate and its determinants • Determinants of aggregate demand
4	International Macroeconomic Policy	<ul style="list-style-type: none"> • Explain how fiscal and monetary policies in large countries can affect other countries' economies • Explain the theory of optimal currency areas

2.3 Assessment/Grading Details

Assessment task	Weighting
Class Participation	20%
Midterm Exam	30%
Final Exam	50%

Explanation:

Class participation grades reflect the instructors' judgment of the students' contribution to the learning environment. The grades take into account (1) the **frequency** of the students' response in class, and (2) the **quality** of the response (e.g., relevance to course materials; insights that differ from others' point of view; elaboration or clarification of others' opinions) as well as (3) the **professionalism** of the students' conduct (e.g., attendance, punctuality, preparedness, and behaviour during the class). The class participation score will be differently graded as full score, half score, or zero score for each student.

Exams are written, closed-book. Exam content will be derived from in-class lectures, course readings and any other course-associated materials. A **mid-term exam** will be held during a regularly scheduled class meeting time. **Final exam** will be held on designated date.

Reschedule exam will be provided for students who is unable to participate in the scheduled exam (medical statement, etc. must be provided). A penalty of 10-percentage points will be assessed against the rescheduled exam score. There is only one reschedule exam and no other exam make-up options will be available. The date will be scheduled and announced by the instructor.

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honours, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to **PHBS Student Handbook**.

3. Topics, Teaching and Assessment Schedule

Unit	Unit Title (sub-topics)	Date	Core Readings (Textbook)
1	International Trade Theory Introduction. World trade an overview	Thu. 15 Nov	Krugman <i>et al.</i> , 10 th ed (2014): Chapters 1-8.
	Labour productivity and comparative advantage: The Ricardian model	Mon. 26 Nov	
	Resources, comparative advantage, and income distribution	Thu. 29 Nov	
	The Standard trade model	Mon. Dec. 3	
	Economies of scale, imperfect competition, and international trade	Thu. Dec 6.	
	International factor movements	Mon. Dec 10	
2	International Trade Policy The instruments of trade policy	Thu. Dec. 13	Krugman <i>et al.</i> , 10th ed (2014): Chapters 9-10.
	The political economy of trade policy.	Mon. Dec. 17	
3	Exchange Rates and Open-Economy Macroeconomics National income accounting and the balance of payments	Thu. Dec. 20	Krugman <i>et al.</i> , 10th ed (2014): Chapters 13-17.
	Class Assignment (video-based learning plus group project)	Mon. Dec. 24	
	Mid-term Exam	Thu. Dec. 27	
	Money, interest rates, and exchange rates	Mon. Dec. 31	
	Price levels and the exchange rate in the long run. Output and the Exchange Rate in the Short Run	Thu. Jan. 3	
4	International Macroeconomic Policy Optimum currency areas and the European experience	Mon. Jan. 7	Krugman <i>et al.</i> , 10th ed (2014): Chapters 20-22.
	The global capital market: Performance and policy problems	Thu. Jan. 10	
	Developing countries: Growth, crisis, and reform	Mon. Jan 14	
	Final Exam	Thu. Jan 17	

4. Additional Information

PHBS Course Management System

CMS is the primary communications vehicle for outside-of-class communications and course documentation. The student is expected to routinely check the site for information and class related announcements-preferably on a daily basis. Instructions on using the website will be provided on the first day of class.

About the Instructor

Dr. Christer Ljungwall is a China political-economist, and an expert in economic development, global innovation trends, and innovation policy. He joined the PKU-HSBC Business School as lecturer in 2018. He is also Vice-President, Head of Research, at ENC Global Affairs Think-Tank. He has held positions over the years as Sr. diplomat with the Swedish government; Sr. Economist with the Asian Development Bank; and Research fellow at Peking University. He is affiliated Professor at Copenhagen Business School. He is a regularly invited speaker on Chinese and Asian economic and political affairs, and innovation. He is strategic advisor to a number of MNCs, member of the Scientific Advisory Board - the Knowledge Economy (BIT Congress) and, member of The Growth Net, New York. He is the author of 35+ academic journal articles in English, 150+ reports, and five books. Dr. Christer Ljungwall received his PhD in economics from Gothenburg University in 2003.