

## HKUST Business School - Department of Economics

### ECON 4364 - International Trade and Investment (Spring 2017)

#### Course Syllabus

|                           |  |
|---------------------------|--|
| <b>Lecture Time:</b>      | Mon 1:30-2:50 pm; Fri 9:00-10:20am   |
| <b>Venue:</b>             | G009A, CYT Bldg  |
| <b>Course Website:</b>    | <a href="http://canvas.ust.hk">http://canvas.ust.hk</a>  |
| <b>Instructor:</b>        | LI, Yao Amber (李瑤)   |
| <b>Office:</b>            | Room 6057, LSK Bldg  |
| <b>Email / Phone:</b>     | <a href="mailto:yaoli@ust.hk">yaoli@ust.hk</a> / (852) 2358-7605   |
| <b>Office Hours:</b>      | Thursday 9:30am-10:30 pm or by appointment (starting from Week 2)  |
| <b>Teaching Assistant</b> | TBA  |
| <b>Office:</b>            | TBA  |
| <b>Email / Phone:</b>     | TBA  |
| <b>Office Hours:</b>      | TBA or by appointment (starting from Week 2)   |
| <b>Tutorials:</b>         | (Note: tutorial sessions start from Week 3. Tutorials will be held and pre-announced by TA. See Part D for more details.)<br>Wed 12:00-12:50 pm, Rm 1007, LSK Bldg |

#### A. Course Description

In this course, we will examine the patterns and the mechanisms of international economics, with a special focus on international trade. There are two parts throughout the course. Part I discusses the patterns of international trade, why nations trade, what they trade, and who gains from trade, without explicit policy interventions. Part II analyzes the determinants and the implementations of different trade policies, the motives for countries or organizations to restrict or regulate international trade, and the welfare implications of those trade policies.

Fundamental models in international economics will be introduced to analyze the issues whenever necessary, but with more focus on economic reasoning and intuition rather than technicalities. Real world important globalization issues and policies will be discussed throughout the course, including the effects of trade on economic growth and income inequality, multinationals, Foreign direct investment, WTO, IMF, and many others. There will also be regional case studies on China and other Asian economies.

#### B. Required Readings

Textbook: Krugman, Obstfeld, and Melitz, International Economics: Theory & Policy, 10th edition (Global Edition), 2014, Pearson Education Inc.

Students who are seeking more practices are recommended to purchase the textbook with “MyEconLab” (the value package), where you can work through sample questions, study plan, and some assigned homework questions (not for grading purpose).

Supplementary readings: (either in library reserve or online, starting from Week 3)

- Paul Krugman, *The Return of Depression Economics and the Crisis of 2008*. (2008)
- Joseph E. Stiglitz, *Making globalization work*, 1st ed. W.W. Norton & Co., (2006)
- Giddens, Anthony. *Runaway world : how globalization is reshaping our lives*, Routledge. (2000)
- Rodrik, Dani, *Has Globalization Gone Too Far?* Institute for International Economics (1997).
- Useful Websites: [The Economist](#), [WTO](#), [IMF](#), [World Bank](#), [China's Ministry of Commerce](#)

### C. Learning Outcomes – School Intended Learning Outcomes (“SILOs”):

#### **Upon successful completion of this course, you should be able to:**

- 1) Have a general knowledge of international economics. Describe the main questions in international economics and the main components of international trade. Explain the impact of each key component; and analyze the critique of the applicability of models; (SILO # 4.1)
  - 2) Locate, gather, and organize information using appropriate information technology and systems; (SILO # 7.2)
  - 3) Apply the international trade concepts, principles, and models to analyze global phenomena and relevant policy debates, conduct economic analysis of the world economy and society, and carry out independently applied research on international economic problems; (SILO # 4.2 and # 6.1)
  - 4) Communicating effectively in oral and written English to analyze global economic issues; (SILO # 2)
  - 5) Working effectively within a group. (SILO # 4.3)
- Hopefully, you can also
- 6) Discuss the consequences of an international trade shock or a policy change as well as provide wise policy suggestions to governments and international organizations; (SILO # 4.3)
  - 7) Develop an appreciation for international economics and a desire to continue further study; (SILO # 9)

For the details of SILOs, please refer to:

<http://www.bm.ust.hk/sbmllearn/eng/thirdcat.php?sid=5&thirdid=3>

### D. Course Format / Teaching Approach

This course is primarily delivered through lectures, tutorials, group projects, and class discussions.

The course is designed to help students cultivate the habit of thinking critically and independently but working constructively and cooperatively, as reflected in the grading policy. The basic teaching materials closely follow the main textbook and lecture notes. Additionally we will constantly use cases, newspaper articles and research papers for discussion in class. Students are highly encouraged to work collectively on the problem sets and prepare for the group presentation. Two exams will give students opportunities to demonstrate their abilities to analyze international economic problems.

Personal Response System (PRS) will be used during lectures to encourage class participation and sharing among students and with me (further information regarding PRS can be found in Part F). Please try to attend all lectures and participate actively in class discussions.

Tutorials will be arranged when needed. A typical tutorial session would be held when problem sets are submitted and exams are graded. TA will also hold Q/A session and/or review session using tutorial time in other weeks. Detailed tutorial topics will be announced in advance by TA on Course Website each week. Please note that lectures and tutorials are not “substitutes” but “complements” to each other. Do attend both lectures and tutorials for your own benefit.

| Teaching and Learning Activities                     | Roles in the Course   | SILOs addressed     |
|--|---|---------------------|
| Lectures with in-class discussions                   | Explain key concepts, models, and their applications; Cases and examples to build student's critical and analytical ability                 | 1, 2, 3, 4, 6, 7    |
| In-class Q&A through PRS                             | Encourage class participation, critical thinking and discussion   | 1, 2, 3, 4, 6, 7    |
| Tutorials  | Review basic model and concepts, practice problem-solving, presenting answers to homework and exams   | 1, 2, 3, 4          |
| Homework assignments                                 | Enhance understanding of course materials and their application through problem-solving practice  | 1, 2, 3, 4, 5, 6    |
| Group project and presentation (and research paper*) | Apply international economic concepts to real life global issues and policy debates with critical literature review and collective teamwork | 1, 2, 3, 4, 5, 6, 7 |

\* denotes optional

### E. Course Website

Course materials and announcements will be posted on the Course Website (CANVAS, <https://canvas.ust.hk>). It is YOUR responsibility to check for the latest information.

### F. Use of Personal Response System (PRS)

PRS will be used in lectures starting from Week 3, Feb. 13, 2017, Monday, Lecture 3 (see course schedule). Please visit the following website for information: <https://itsc.ust.hk/services/academic-teaching-support/teaching-tools/prs>. The use of PRS is to encourage classroom participation, discussion and sharing among students and with me. Questions will be asked in lectures and the PRS allows you to respond in real time. A summary of answers will be shown and shared. I will also share my answer with you.

### G. Examinations and Grades:

#### Overall Grading for the Course:

Your overall score for the course will be computed based on the weighting scheme below:

|   |     |
|---|-----|
| 1. Problem Sets (Assignments)                       | 0%  |
| 2. One Midterm Exam and One Final Exam (CUMULATIVE) | 70% |
| 3. Group Project/Presentation                       | 20% |
| 4. Participation                                    | 10% |
| 5. Research Paper *                                 | 0%  |

**1. Problem Sets (0%):** Four problem sets will be given, but will not be collected. Students are strongly encouraged to form study groups and work together on each problem set. Solutions will be posted a week after the problem sets are posted, and the TA will go over the solutions in tutorials. Problem sets will be a good practice for you and will give you an idea of the questions that you may expect in the examinations.

**2. Exams (70%):** There will be ONE in-class midterm exam (**March 17, Friday**) and one final exam (TBA). **Grading scheme: max** (30% Midterm + 40% Final, 25% Midterm + 45% Final)

- (1) **The midterm exam is modular and the final exam is CUMMULATIVE (covering the whole course).** All materials posted on the LMES and mentioned in class are subject to examination.
- (2) A non-graphing, non-programmable calculator may be used during exams. Exams are closed-book and other aids, including any notes, electronic or paper dictionaries, should not be used. Computer-marked multiple-choice tests and/or exams may be subject to submission for similarity review by software that will check for unusual coincidences in answer patterns that may indicate cheating.
- (3) Exams may contain multiple-choice, true & false questions and essay-type questions which require explanation in writing, graph and calculation.

### **Exam Policy:**

- There is NO make-up exam, except for CRITICAL medical reasons with formal and legitimate documents to support your case. Under such cases, you should seek approval of absence of exam from me directly **BEFORE** the exam. Absence from an exam without prior approval of absence would result in ZERO score.
- For students who are absent from the midterm exam with prior approval, the weight on your midterm exam will be reallocated to the final exam which will make the final exam account for 70% of the final grade.
- For students who are absent from the final exam with prior approval, the make-up exam, IF ANY, will be scheduled as soon as possible and should be within one week after the official final exam date (to be announced). It is the responsibility for those who request for a make-up exam to ensure their availability. The make-up exam, if any, will be composed of two parts: (1) written-exam, AND 2) oral exam.
- Please NOTE that the instructor has the final discretion on all arrangements of the make-up exam. Students who request for the make-up final exam should comply all the requirements as communicated by the instructor. Failing to meet any requirement will result in a ZERO score.

### **Final Exam Schedule:**

Final exam period for the Spring 2017 will be May 16 to 27. If you intend to travel at the end of the semester, please be careful to arrange your travel plans to avoid any schedule clash. Request for a change of final examination date will not be accommodated.

**3. Group Project/Presentation (20%):** The individual score will be based on the group performance and the individual contribution to the group, which is subject to peer evaluation. To ensure the quality, meetings with each group will be arranged when you go along.

- (1) You are required to get to know your classmates and form groups on voluntary basis (but satisfying certain criteria, to be announced by the instructor), on or before **Feb 25 (Sat., 10 pm)**, with **each group consisting of 5-6 students**. Have one representative from your group email TA your group members' names, student ID, and ITSC accounts. Let TA know if you need help to form a group. After the due date (Feb 25), TA and I will arrange students who have not formed their own groups into new groups or join existing groups.
- (2) You will choose your topic from a list of assigned topics.
- (3) Each group is required to submit a one-or-two page outline to the instructor (and cc TA) on or before **March 26 (Sun., 10 pm)**. The outline should include: a) a description of the topic that you intend to analyze, b) your initial investigation of the aspects of the topic you wish to analyze, c) the main sources of previous literature on the same or closely related topic; d) the data that you intend to collect for the presentation if any, and how to collect, and e) a table listing the key tasks to be

completed for the project, deadlines for each task, and the division of labor (i.e., which team member is responsible for which task by what date).

- (4) The presentation slides are **due 3 days prior to your presentation**. I will announce the deadline in class once the order of presentations is determined.
- (5) The presentation will last for 20-25 minutes, followed by a 5-minute Q&A session. (The time may be subject to adjustment based on the total number of groups).
- (6) Grading scheme: 2% = outline; 5% = quality and content of presentation slides; 5% = presentation performance; 8% = peer evaluation (your contribution to your group).
- (7) Groups may be allowed to work on a topic different from those assigned by consent of the instructor under special circumstances.

**4. Participation (10%):** You are expected to participate actively in this course, including your participation in regular lectures (6%) and in group projects/presentations (4%). It is possible that you will be randomly chosen to answer questions in lectures. Marks for class participation will be decided based on discussion performance and classroom conduct. Misconduct in class, such as late arrival, early leaving, chatting, surfing on internet, and using mobile phones in class will result in losing part or all of class participation marks.

**5. \*Research Paper (0%): optional.** If you decide to work on research paper to fulfill the requirements of ECON 4670, you need to REGISTER ECON 4670 and to submit a research paper after the final exam. The due date is TBA. The research paper could be a group paper (with no more than 4 authors) or an individual paper, which **MUST be based on your group project**, satisfying the requirement of ECON 4670. Detailed requirements will be given in due course. A standard at grade C or above must be obtained for the paper in order to get Pass. Graded P or F.

#### **Grading Disputes:**

- Please check your grade of homework assignments and midterm as soon as grades are released. Any discrepancy should be reported to TA **within one week** from the date of releasing your score. Late complaints will not be accommodated. In the case of your appeal of reassessment (with the exception of arithmetic errors), not only the discrepancy part but that entire homework assignment or exam will be reassessed. This reassessment may result in either a higher or a lower grade than the original one. Requests for re-grading must be submitted in a written format to the instructor **within one week** from the date of releasing your score and re-grading will be conducted by the instructor.

#### **Remarks to Grading:**

- I try my best to make the grading policy as clear as possible. When you have any questions or when you encounter any difficulties in studying, please do not hesitate to consult me either in or out of class throughout the semester. **I'd be delighted to help you succeed in the course!** Also please remember that ultimately it is you who EARN the grade and are responsible for building up your own academic records! So, if you know what grade you need to earn (or want to earn) for graduation, scholarship, exchange opportunities, honors, etc., you need to make the **CORRESPONDING** effort to achieve your objective.

#### **H. Academic Honesty and Integrity:**

Academic integrity and honesty are key values at HKUST. Please read the information on academic integrity carefully. It is your responsibility to be familiarized with the Academic Honor Code and the content on the Academic Integrity website. The website address is: <http://www.ust.hk/provost/integrity>

The Code will be STRICTLY enforced. Any student observed cheating on exams and problem sets, or plagiarizing material, will receive an "F" for the course. Any violation of the code will be reported to the University WITHOUT EXCEPTIONS.

### **I. How to Get Help:**

The TA and I hold regular office hours to answer questions and help you with your study. You are also welcome to make appointments with TA and me if you cannot visit office hours due to time clash.

If you have any worries or are under pressure about the course, I urge you in the strongest possible terms, to get help immediately. I would be happy to talk with you and help you find appropriate solutions.

### **J. Classroom Etiquette:**

The classroom is a special environment in which students and faculty come together to promote learning and communication. Any successful learning experience requires mutual respect on the part of the student and the instructor. Neither instructor nor student should be subject to others' behavior that is rude, disruptive, intimidating, or demeaning.

My responsibilities:

- Start and end class on time.
- Treat all students equally and fairly, with caring and respect.
- Be open to constructive input from students in the course.
- Ensure that opportunities to participate are enjoyed equally by all students in the course.
- Contribute to a peaceful and inspiring learning environment.

You are expected to be punctual for both lectures and tutorials. You are welcome to bring your laptop or other devices to lectures for learning purposes. Respect the others in class and do not disturb others with side conversation, Internet surfing, emails-checking or instant-messaging during class time. Please visit the following site for general guidelines on proper classroom behavior:

[http://www.ust.hk/provost/conduct/good\\_learning\\_experience.pps](http://www.ust.hk/provost/conduct/good_learning_experience.pps)

### **K. Final Notes:\***

Student feedback is essential for course improvement. I encourage continuous teaching evaluation. At any time during the semester you may verbally or anonymously (e.g., via campus mail, or slip a note under my office door) give me your feedback of my teaching. This evaluation could include the following headings: 1) Things that I like; 2) Things that I dislike; and 3) Suggestions for improvements.

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\* The instructor reserves the right to final interpretation of the syllabus and the right to amend the syllabus, if necessary.