

Syllabus

Course Information

Course Number: INTA 608
Course Title: Global Economy
Section:
Time: Tuesdays, TBD
Location: 1620 L St. NW, Washington DC
Credit Hours: 3

Instructor Details

Instructor: Zongyuan Zoe Liu
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Office Hours: Wednesdays 10:00 am -12:00 pm or by appointment, in person or over Zoom.

Course Description

This course surveys various aspects of the global economy, broadly described as the issues of international trade, international finance and financial markets, and international development. It is designed to provide students with a set of systematic tools and methods to analyze the fundamentals of our global economic environment and the nuances in the current international economic and financial system.

This course recognizes that economic and financial globalization has generated different and disproportionate impacts across countries and among different groups of people. Therefore, the economic and financial models studied during this course are the means we use to analyze real world issues and challenges, such as resource blessing or resource curse, winners and losers from globalization, global financial crises, and various policy responses to these global economic challenges and the consequences.

There are three major components or themes in this course: the first theme focuses on the economics of international trade and trade policies; the second theme features international finance and financial markets; the third theme covers fundamentals of international development. In each of these three major themes, we will first learn the economic principles, models, and fundamentals, and then we will apply these to real world cases. Therefore, it will be to your benefit to keep up with current international economic and financial news and affairs.

This course recognizes the importance of behavior economics and behavior finance, and it will touch upon the behavior issues, both cognitive and emotional, but this is not the focus of this course. Students who are interested in behavior economics and finance are highly encouraged to explore the subject independently.

Course Prerequisites

No. But if it has been a few years since you last taken an Economics class, it would be good for you to refresh some ideas. If this interests you, you may find this book very good and entertaining to read:

- Goodwin, Michael and Dan Burr. *Economix: How our Economy Works (and Doesn't Work) in Words and Pictures*. New York: Abrams ComicArts, 2012.

Course Learning Outcomes

Being able to solve problem sets in the book is a good testament to your understanding of the course materials, but we do not just stop there. What is more important is to be able to successfully analyze real world issues with the knowledge you learn during the 14-sessions of this course.

Upon completion of this course, students are expected to be able to:

- Have a thorough understanding of principles of international economics and finance.
- Be able to explain key concepts and terminology in global economics, such as comparative advantage, balance of payments, stronger or weaker currency, etc.
- Understand basic analytical tools in exchange rates and balance of payments, and critically evaluate arguments related to the political economy of international trade, finance, and development.
- Be able to apply economic and financial theories and models to the analysis of real-world cases, such as the structural changes of global supply change and the consequences, how global efforts in combating climate change can impact the growth trajectories of different countries, financial bubbles and financial crises, and the impact of financial innovations (such as fintech and digital currency) on global financial markets.
- Achieve clarity of written and oral expression of the above goals.

Textbook and/or Resource Materials

Required textbook:

- [*International Economics: Theory & Policy*](#) (South-Western College Publishing/ Pearson; 11th edition, or 10th) by Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz.

Recommended:

- [*The Economics of Money, Banking, and Financial Markets*](#) (Pearson, 12th edition, 2019), by Frederic S. Mishkin.
- [*The Globalization Paradox: Democracy and the Future of the World Economy*](#), by Dani Rodrik (W.W. Norton & Company Publishing).

Besides the required textbook and recommended readings, it will be to your considerable advantage if you also keep up with current affairs using credible sources, such as newspapers or magazines like the *Financial Times*, *The Economist*, *New York Times*, *Wall Street Journal*, *Guardian*, *Caixin*, *Nikkei Asian Review*, among others.

Course Works and Assignments

- 1) Attendance and Participation (5%).

- 2) 3 homework assignments (15% each and 45% total). Group work is encouraged, but ***the write-up of your submission must be your own***. Assignment due schedule:
 - Assignment #1 due: week 4 before class
 - Assignment #2 due: week 8 before class
 - Assignment #3 due: week 11 before class
- 3) 1 exam: mid-term exam (20%). The exam will cover materials from the readings, homework problem sets, and class discussions. It is scheduled for Week 10, during the first half of the class.
 - No books, no notes, no computers/laptops, no smart devices, no listening devices or anything of the sort will be allowed.
 - Zero point will be assigned to a missing exam. In the case of an emergency (such as hospitalization, family death or this type of unexpected events beyond one’s control), accommodations of a make-up exam may be made with timely notification and appropriate documentation.
- 4) Term Paper and Final Presentation (30%).
 - Students are encouraged to choose their own topics on issues in international trade, international finance, or international development.
 - Students are also encouraged to discuss their chosen topics with the instructor if they feel uncertain.
 - Students are also encouraged to form a study group (2-3 students) to write the term paper (about 20 pages, double-spaced).
 - Grading rubrics will be sent out during class.

Important dates for the term paper:

 - Form study group by Week 3
 - Final presentation during Week 14
 - Submission of term paper: May 1, 2021 at 11:59 pm US Eastern Time.

Learning Resources

In this course you will practice writing a research paper, which can be used as a writing sample for your career advancement. TAMU Bush School has a writing site that contains resources for helping you prepare writing assignments and career materials. For policy memo in particular, you can find useful tips here: <https://sites.google.com/site/bushschoolwriting/policy-documents/policy-memos>
 You can also contact Cindy Raisor, Writing Program Director, at c-raisor@tamu.edu, or (979) 862-8835.

Grading Policy

The standard Bush School scale will apply:

90%-100%	A	Extraordinary, excellent work and mastery of concept
80%-89%	B	Good work and solid command of concept
70%-79%	C	Adequate work and sufficient understanding of concept
60%-69%	D	Poor work, little understanding of concept
0%-59%	F	Lack of work, no understanding of concept

Late Work Policy

- Late work will NOT be accepted, although health or family emergency may be given exceptions.

Course Schedule

Week 1: Introduction: Global Economics and International Trade (An Overview)

- Reading:
 - Krugman, Obstfeld and Melitz (KOM), Chapters 1-2.
- Recommended:
 - Rodrik (2011), Chapters 1-2
 - "A brief history of globalization," World Economic Forum, January 17, 2020. Available at <https://www.weforum.org/agenda/2019/01/how-globalization-4-0-fits-into-the-history-of-globalization/>

Week 2: International Trade Theories (1)

- Reading: KOM: Chapters 3-4
- New Assignment Available: Homework assignment #1 available

Week 3: International Trade Theories (2) (Form study groups by this week)

- Reading: KOM: Chapters 5-8
- Recommended reading:
 - Rodrik (2011), Chapters 3-4

Week 4: Instruments of Trade Policy

- Reading: KOM: Chapters 9 -12
- Recommended:
 - Petri, Peter A. and Plummer, Michael G., Trade War, RCEP and CPTPP: Will East Asia Decouple from the United States? (November 28, 2020). Available at SSRN: <https://ssrn.com/abstract=3630294>
- Due: homework assignment #1 due
- New assignment available: assignment #2.

Week 5: International Finance: Balance of Payments and the International Investment Position

- Reading: KOM: Chapter 13
- Recommended:
 - Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets* (Pearson, 12th edition, 2019), Chapters 2-4.
 - Krugman, Paul. "A Model of Balance-of-Payments Crises." *Journal of Money, Credit and Banking* 11, no. 3 (1979): 311-25. Accessed December 7, 2020.

Week 6: International Finance: Exchange Rates, Interest Rates and Interest Parity

- Reading: KOM: Chapter 14-15
- Recommended:
 - Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets* (Pearson, 12th edition, 2019), Chapters 14-17.

- Michael D Bordo, Andrew T Levin (2017). Central Bank Digital Currency And The Future of Monetary Policy. NBER Working Paper 23711. Available at https://www.nber.org/system/files/working_papers/w23711/w23711.pdf
- Francesca Carapella and Jean Flemming, “Central Bank Digital Currency: A Literature Review,” FEDS Notes, November 09, 2020. Available at <https://www.federalreserve.gov/econres/notes/feds-notes/central-bank-digital-currency-a-literature-review-20201109.htm>

Week 7: International Finance: Foreign Exchange Markets and Exchange Rate Regimes

- Reading: KOM: Chapter 16-18
- Recommended Reading:
 - Rodrik (2011) Chapters 5-6
 - Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets* (Pearson, 12th edition, 2019), Chapters 18-19
 - Ethan Ilzetki, Carmen M. Reinhart, and Kenneth S. Rogoff. (2020). Will the Secular Decline in Exchange Rate and Inflation Volatility Survive COVID-19? NBER Working Paper 28108. Available at https://www.nber.org/system/files/working_papers/w28108/w28108.pdf

Week 8: Overview of International Development: Growth Models

- Reading:
 - Solow, Robert (1956). A Contribution to the Theory of Economic Growth. *Quarterly Journal of Economics*, 70(1), 65-94. (Solow won the Nobel prize for this article).
 - Romer, Paul (1994) “The Origins of Endogenous Growth.” *Journal of Economic Perspectives* v. 8, no. 1, pp. 3-22.
 - Aghion, P., & Festre, A. (2017). Schumpeterian Growth Theory, Schumpeter, and Growth Policy Design. *Journal of Evolutionary Economics*, 27(1), 25–42.
- Due: homework assignment #2 due
- New assignment available: assignment #3.

Week 9: Trade, Foreign Aid and Growth

- Reading:
 - Rodrik (2011) Chapter 7
 - Dollar, David, and Aart Kraay. "Trade, Growth, and Poverty." *The Economic Journal* 114, no. 493 (2004): F22-49.
 - Burnside, Craig and Dollar, David. “Aid, Policies, and Growth.” *American Economic Review*, September 2000, 90(4), pp. 847–68.
 - Easterly, William; Levine, Ross and Roodman, David. “Aid, Policies, and Growth: Comment,” *American Economic Review*, June 2004, 94(3), pp. 774–80.
 - Sachs, Jeffrey, “How Aid Can Work.” *New York Review of Books* v. 53, no. 20, December 21, 2006
- Recommended:
 - Easterly, W. (2009) “Can the West Save Africa?” *Journal of Economic Literature*, 47:2, 373-447.

Week 10: Natural Endowment and Growth

- First half of this class: mid-term exam
- Reading:

- Ramez Abubakr Badeeb, Hooi Hooi Lean and Jeremy Clark, “The evolution of the natural resource curse thesis: A critical literature survey,” *Resource Policy*, Volume 51, March 2017, pages 123-134.
- Ploeg, F. van der. (2011). Natural Resources: Curse or Blessing? *Journal of Economic Literature*, 49(2), 366–420.

Week 11: Institutions and Growth

- Reading:
 - Acemoglu, Daron, Simon Johnson, and James A. Robinson (2001). *The Colonial Origins of Comparative Development: An Empirical Investigation*. *American Economic Review*, 91(5), 1369-1401.
 - Acemoglu, Daron, Simon Johnson, and James A. Robinson (2012). The Colonial Origins of Comparative Development: An Empirical Investigation: Reply. *American Economic Review*, 102(6), 3077-3110.
- Recommended:
 - Douglass C. North (1989), “Institutions and economic growth: An historical introduction,” *World Development*, Volume 17, Issue 9, 1989, Pages 1319-1332.
 - Daron Acemoglu (2004), “Institutions as A Fundamental Cause of Long-Run Growth,” available at https://scholar.harvard.edu/files/jrobinson/files/jr_institutionscause.pdf
- Due: homework assignment #3 due

Week 12: Financial Development and Sustainable Development

- Reading:
 - Levine, Ross. 1997. “Financial Development and Economic Growth: Views and Agenda.” *Journal of Economic Literature* 35 (2): 688–726.
 - Nouriel Roubini, Xavier Sala-i-Martin, “Financial repression and economic growth,” *Journal of Development Economics*, Vol 39 Issue 1, July 1992, pages 5-30.
 - Huang, Y., & Wang, X. (2011). Does Financial Repression Inhibit or Facilitate Economic Growth? A Case Study of Chinese Reform Experience. *Oxford Bulletin of Economics and Statistics*, 73(6), 833–855.
 - Busch, T., Bauer, R., & Orlitzky, M. (2016). Sustainable Development and Financial Markets: Old Paths and New Avenues. *Business & Society*, 55(3), 303–329.

Week 13: Health, Growth, and Globalization

- Reading:
 - Acemoglu, Daron and Simon Johnson (2007), “Disease and Development: The Effect of Life Expectancy on Economic Growth,” *Journal of Political Economy*, vol 115, no. 6.
 - Barro, Robert J. 2013. “Health and Economic Growth.” *Annals of Economics and Finance* 14 (2): 305–42.
 - Szreter, Simon. "Economic Growth, Disruption, Deprivation, Disease, and Death: On the Importance of the Politics of Public Health for Development." *Population and Development Review* 23, no. 4 (1997): 693-728.
 - Antràs, Pol. (2020) De-Globalisation? Global Value Chains in the Post-COVID-19 Age. NBER Working Paper 28115. Available at https://scholar.harvard.edu/files/antras/files/deglobalization_sintra_antras.pdf

- “The Great Lockdown: Dissecting the Economic Effects,” IMF report, 2020. Available at <https://www.imf.org/-/media/Files/Publications/WEO/2020/October/English/ch2.ashx>
- Recommended:
 - Scott R. Baker, Nicholas Bloom, Steven J. Davis, Kyle J. Kost, Marco C. Sammon, Tasaneeya Viratyosin (2020). The Unprecedented Stock Market Impact of Covid-19. NBER Working Paper 26945. Available at https://www.nber.org/system/files/working_papers/w26945/w26945.pdf

Week 14: Final Presentation

University Policies

This section outlines the university level policies that must be included in each course syllabus. The TAMU Faculty Senate established the wording of these policies.

NOTE: Faculty members should not change the written statements. A faculty member may add separate paragraphs if additional information is needed.

Attendance Policy

The university views class attendance and participation as an individual student responsibility. Students are expected to attend class and to complete all assignments.

Please refer to [Student Rule 7](#) in its entirety for information about excused absences, including definitions, and related documentation and timelines.

Makeup Work Policy

Students will be excused from attending class on the day of a graded activity or when attendance contributes to a student’s grade, for the reasons stated in Student Rule 7, or other reason deemed appropriate by the instructor.

Please refer to [Student Rule 7](#) in its entirety for information about makeup work, including definitions, and related documentation and timelines.

Absences related to Title IX of the Education Amendments of 1972 may necessitate a period of more than 30 days for make-up work, and the timeframe for make-up work should be agreed upon by the student and instructor” ([Student Rule 7, Section 7.4.1](#)).

“The instructor is under no obligation to provide an opportunity for the student to make up work missed because of an unexcused absence” ([Student Rule 7, Section 7.4.2](#)).

Students who request an excused absence are expected to uphold the Aggie Honor Code and Student Conduct Code. (See [Student Rule 24](#).)

Academic Integrity Statement and Policy

“An Aggie does not lie, cheat or steal, or tolerate those who do.”

“Texas A&M University students are responsible for authenticating all work submitted to an instructor. If asked, students must be able to produce proof that the item submitted is indeed the work of that student. Students must keep appropriate records at all times. The inability to authenticate one’s work, should the instructor request it, may be sufficient grounds to initiate an academic misconduct case” ([Section 20.1.2.3, Student Rule 20](#)).

You can learn more about the Aggie Honor System Office Rules and Procedures, academic integrity, and your rights and responsibilities at aggiehonor.tamu.edu.

NOTE: Faculty associated with the main campus in College Station should use this Academic Integrity Statement and Policy. Faculty not on the main campus should use the appropriate language and location at their site.

Americans with Disabilities Act (ADA) Policy

Texas A&M University is committed to providing equitable access to learning opportunities for all students. If you experience barriers to your education due to a disability or think you may have a disability, please contact Disability Resources in the Student Services Building or at (979) 845-1637 or visit disability.tamu.edu. Disabilities may include, but are not limited to attentional, learning, mental health, sensory, physical, or chronic health conditions. All students are encouraged to discuss their disability related needs with Disability Resources and their instructors as soon as possible.

NOTE: Faculty associated with the main campus in College Station should use this Americans with Disabilities Act Policy statement. Faculty not on the main campus should use the appropriate language and location at their site.

Title IX and Statement on Limits to Confidentiality

Texas A&M University is committed to fostering a learning environment that is safe and productive for all. University policies and federal and state laws prohibit gender-based discrimination and sexual harassment, including sexual assault, sexual exploitation, domestic violence, dating violence, and stalking.

With the exception of some medical and mental health providers, all university employees (including full and part-time faculty, staff, paid graduate assistants, student workers, etc.) are Mandatory Reporters and must report to the Title IX Office if the employee experiences, observes, or becomes aware of an incident that meets the following conditions (see [University Rule 08.01.01.M1](#)):

- The incident is reasonably believed to be discrimination or harassment.
- The incident is alleged to have been committed by or against a person who, at the time of the incident, was (1) a student enrolled at the University or (2) an employee of the University.

Mandatory Reporters must file a report regardless of how the information comes to their attention – including but not limited to face-to-face conversations, a written class assignment or paper, class discussion, email, text, or social media post. Although Mandatory Reporters must file a report, in most instances, you will be able to control how the report is handled, including whether or not to pursue a formal investigation. The University’s goal is to make sure you are aware of the range of options available to you and to ensure access to the resources you need.

Students wishing to discuss concerns in a confidential setting are encouraged to make an appointment with [Counseling and Psychological Services](#) (CAPS).

Students can learn more about filing a report, accessing supportive resources, and navigating the Title IX investigation and resolution process on the University’s [Title IX webpage](#).

NOTE: *Faculty associated with the main campus in College Station should use this Title IX and Statement on Limits of Liability. Faculty not on the main campus should use the appropriate language and location at their site.*

Statement on Mental Health and Wellness

Texas A&M University recognizes that mental health and wellness are critical factors that influence a student’s academic success and overall wellbeing. Students are encouraged to engage in proper self-care by utilizing the resources and services available from Counseling & Psychological Services (CAPS). Students who need someone to talk to can call the TAMU Helpline (979-845-2700) from 4:00 p.m. to 8:00 a.m. weekdays and 24 hours on weekends. 24-hour emergency help is also available through the National Suicide Prevention Hotline (800-273-8255) or at suicidepreventionlifeline.org.

COVID-19 Temporary Amendment to Minimum Syllabus Requirements

The Faculty Senate temporarily added the following statements to the minimum syllabus requirements in Fall 2020 as part of the university’s COVID-19 response.

Campus Safety Measures

To promote public safety and protect students, faculty, and staff during the coronavirus pandemic, Texas A&M University has adopted policies and practices for the Fall 2020 academic term to limit virus transmission. Students must observe the following practices while participating in face-to-face courses and course-related activities (office hours, help sessions, transitioning to and between classes, study spaces, academic services, etc.):

- Self-monitoring—Students should follow CDC recommendations for self-monitoring. **Students who have a fever or exhibit symptoms of COVID-19 should participate in class remotely and should not participate in face-to-face instruction.**
- Face Coverings—[Face coverings](#) (cloth face covering, surgical mask, etc.) must be properly worn in all non-private spaces including classrooms, teaching laboratories, common spaces such as lobbies and hallways, public study spaces, libraries, academic resource and support offices, and outdoor spaces where 6 feet of physical distancing is difficult to reliably maintain. Description of

face coverings and additional guidance are provided in the [Face Covering policy](#) and [Frequently Asked Questions \(FAQ\)](#) available on the [Provost website](#).

- Physical Distancing—Physical distancing must be maintained between students, instructors, and others in course and course-related activities.
- Classroom Ingress/Egress—Students must follow marked pathways for entering and exiting classrooms and other teaching spaces. Leave classrooms promptly after course activities have concluded. Do not congregate in hallways and maintain 6-foot physical distancing when waiting to enter classrooms and other instructional spaces.
- To attend a face-to-face class, students must wear a face covering (or a face shield if they have an exemption letter). If a student refuses to wear a face covering, the instructor should ask the student to leave and join the class remotely. If the student does not leave the class, the faculty member should report that student to the [Student Conduct office](#) for sanctions. Additionally, the faculty member may choose to teach that day's class remotely for all students.

Personal Illness and Quarantine

Students required to quarantine must participate in courses and course-related activities remotely and **must not attend face-to-face course activities**. Students should notify their instructors of the quarantine requirement. Students under quarantine are expected to participate in courses and complete graded work unless they have symptoms that are too severe to participate in course activities.

Students experiencing personal injury or illness that is too severe for the student to attend class qualify for an excused absence (See [Student Rule 7, Section 7.2.2.](#)) To receive an excused absence, students must comply with the documentation and notification guidelines outlined in Student Rule 7. While Student Rule 7, Section 7.3.2.1, indicates a medical confirmation note from the student's medical provider is preferred, **for Fall 2020 only, students may use the Explanatory Statement for Absence from Class form in lieu of a medical confirmation. Students must submit the Explanatory Statement for Absence from Class within two business days after the last date of absence.**

Operational Details for Fall 2020 Courses

For additional information, please review the [FAQ](#) on Fall 2020 courses at Texas A&M University.