

# Course Syllabus

## International Economics (724 M0200)

Instructor: 張銘仁 (Ming-Jen Chang), Spring 2008

Professor Office Hours: Wednesday 2:00-4:00PM or by appointment

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Lecture: Monday 1:10-4:00PM, (201, Management Building II, NTU)

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**Objectives:** This course is constructed to familiarize students with the skills of modern international trade & finance theory and policy at the graduate level. Models are developed to explain current macro and international economics issues, and to help students practice using these in a creative way. This will be able to model decision problems, and to build credible international economic arguments.

**Prerequisites:** The course does need to use calculus and lots of linear algebra.

**Text:** *International Economics Theory & Policy*, Paul R. Krugman and Maurice Obstfeld, **seventh** edition, Boston, MA: Addison Wesley.

### Outline of Topics:

Section 1: International Trade Theory

Topic 1: Introduction (Ch. 2)

Topic 2: Labor Productivity and Comparative Advantage (Ch. 3)

Topic 3: Resources, Comparative Advantage and Income Distribution (Ch. 4)

Topic 4: The Standard Trade Model (Ch. 5)

Section 2: International Trade Policy

Topic 5: The Instrument of Trade Policy (Ch. 8)

Topic 6: The Political Economy and Trade Policy (Ch. 9; as time permits)

Section 3: Exchange Rates and Open-Economy Macroeconomics

Topic 7: The Balance of Payment (Ch. 12)

Topic 8: Exchange Rates and Foreign Exchange Market (Ch. 13)

Topic 9: Money, Interest Rate and Exchange Rates (Ch. 14)

#### Section 4: International Macroeconomic Policy

Topic 10: Macro Policy and Floating Exchange Rates (Ch. 19; as time permits)

Topic 11: Optimum Currency Area (Ch. 20; as time permits)

Topic 12: Developing Countries: Growth, Crisis and Reform (Ch. 22; as time permits)

**Evaluation:** The course grade will be based on a term paper, and comprehensive midterm and final exam.

5% participation rate + 25% a term paper + 35% a midterm exam + 35% a final exam

Note: the term paper: related to topics covered in this course, followed the format of *Journal of International Economics*, due by **July 1<sup>st</sup>**. No deferral of term paper submission will be given except medical or family emergency. a double submission of a paper to multiple courses is not permitted;

#### Calendar of Lectures

February 18	topic 1
February 25	topic 2
March 3	topic 3
March 10	topic 3
March 17	topic 4
March 24	topic 5
March 31	topic 6
April 7	topic 6
April 14	<b>Midterm</b>
April 21	topic 7
April 28	topic 8
May 5	topic 8
May 12	topic 9
May 19	topic 9
May 26	topic 10
June 2	topic 11
June 9	topic 12
June 16	<b>Final exam</b>

## **International Economics**

### **Reading list, Spring 2008**

Update: February 14, 2008

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#### **Part A: International Trade**

- [1] Broda, C., N. Limao and D. Weinstein 2007. Optimal Tariffs and Market Power: The Evidence, *American Economic Review*, forthcoming.
- [2] Davis, D. and D. Weinstein 2001. An Account of Global Factor Trade, *American Economic Review* 85, pp.1029-1046.
- [3] Deardorff, A. 1980. The General Validity of the Law of Comparative Advantage, *Journal of Political Economy* 88, pp.941-957.
- [4] Wonnacott, R.J. 1996. Free Trade Agreements: For Better or Worse? *American Economic Review* 86, pp.62-66.

#### **Part B: International Finance**

- [1] Dornbusch, R. 1976. Expectations and Exchange Rates Dynamics, *Journal of Political Economy* 84, pp.1161-1176.
- [2] Engel, C., and K.D. West. 2004. Accounting for Exchange Rate Variability in Present-Value Models when the Discount Factor is Near 1, *American Economic Review* 94, pp.119-125.
- [3] Flood, R.P. and P.M. Garber 1984. Collapsing Exchange-Rate Regimes: Some Linear Examples, *Journal of International Economics* 17, pp.1-13.
- [4] Krugman, P. 1991. Target Zones and Exchange Rate Dynamics, *Quarterly Journal of Economics* 106, pp.669-682.