

Department of Economics
ECO214 Globalization and Economic Integration
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Learning Objectives

This course aims to familiarize students with the cause, pattern, and nature of the globalization of production of goods and services, which is taking the form of greater division of labor, increasing specialization, greater trade and capital flows, and keener international competition. Against this trend, however, is the emergence of trade blocs and regional economic entities. This course will look at the interaction between these two trends. Students will also have the chance to examine the roles of WTO, the World Bank, the IMF, and the impacts of globalization on financial stability through the study of the East Asian Financial Crisis.

Indicative Content

(I) Overview

1. Internationalization of the Economic System
2. Pace, Pattern, and Nature of Globalization

(II) International Trade Flows

1. Inter-industry Trade
 - a. Comparative advantage and inter-industry trade
 - b. The sources of comparative advantage
2. Intra-industry Trade
 - a. Scale economies as a basis for trade
 - b. Product quality and Intra-industry Trade
 - c. Intra-industry vs. Inter-industry Trade

(III) Trading Blocs, Economic Integration and the WTO

1. Emergence and Evolution of Trading Blocs
 - a. Geography, transaction costs and trade
 - b. Tariffs, quotas and other nontariff barriers
 - c. Types of Regional Trading Agreements

- c. Economic integration and trade creation
 - d. Economic integration and trade diversion
 - e. Economic costs and benefits of a currency union
2. The World Trade Organization and China
 - a. The World Trade Organization (WTO)
 - b. WTO and China
 - c. WTO and the economic integration of the “Greater China”
 3. Globalization in the Internet Age
 - a. The recent development of telecommunications and e-commerce
 - b. Internet and trade

(III) International Capital Flows

1. Types of International Capital Flows
 - a. International portfolio investment
 - b. Foreign direct investment and multinational corporations
 - c. International trade and investment
2. Globalization and the East Asian Financial Crisis
 - a. Internationalization of financial markets
 - b. Causes of East Asian financial crisis
 - c. Policy implications

(IV) International Migration

1. International Labor Movements
2. The Negative Impacts of International Migration for Developing Countries
 - a. The Brain Drain
 - b. Educated Unemployment
3. The Positive Impacts of International Migration for Developing Countries

(V) Other Topics

1. The International Monetary Funds (IMF)
2. The World Bank
3. The New Europe
4. North America Free Trade Areas
5. Association of South East Asian Nations (ASEAN)
6. Asia Pacific Economic Association (APEC)

Readings

- (1) Meier, Gerald M., *The international environment of business: competition and governance in the global economy*, New York: Oxford University Press, 1998.
- (2) Sung, Yun Wing., *The China Hong Kong connection : the key to China's open door policy*, Cambridge: Cambridge University Press, 1991.
- (3) Root, Franklin R., *International trade and investment*, 7th ed., Cincinnati, Ohio: College Division, South-Western Pub. Co., 1994.
- (4) Radelet, Steven and Jeffrey Sachs, "The East Asian Financial Crisis: Diagnosis, Remedies, Prospects," *Brookings Papers on Economic Activity*, 1998.
- (5) Krugman, Paul, "Saving Asia: It's time to get radical," *Fortune*, 1998.
- (6) Armstrong, Angus, Peter Garber, and Michael Spencer, "Asia's Debt Crisis: Causes, Consequences, and Lessons," *Deutsche Bank Research*, June 1998.
- (7) Ho, Loksang, "Towards a New International Monetary Order: The World Currency Unit and the Global Indexed Bond", *The World Economy*, Vo. 23, No.7, pp. 939-950.
- (8) Ross Garnaut and Peter Drysdale, *Asia Pacific regionalism : reading in international economic relations*, NSW, Australia : HarperEducational, 1994.
- (9) Krugman, P.R. and M. Obstfeld., 1997. International Economics: Theory and Policy. 3rd Edition. Harper Collins Publishers.
- (10) Linder, S. B. (1961), *An Essay on Trade and Transformation*, New York: Wiley.
- (11) Allen, Jolur and Chris Hammett (ed.), *A Shrinking World: Global Unevenness and Inequality*, Oxford: Oxford University Press, 1995.
- (12) Pelkmans, Jacques, *European integration : methods and economic analysis*, Harlow, Essex, England : Longman and Open University of the Netherlands, 1997.

- (13) Daniels, P. W. and W. F. Lever, *The Global economy in transition*, London : Addison Wesley Longman, 1996
- (14) Gummatt, Philip, *Globalization and Public Policy*, Manchester: University of Manchester, 1996.
- (15) Fan, C. Simon, "Overseas Chinese and Foreign Investment in China: An Application of the Transaction Approach," *China and The Asian Pacific Economy*, edited by J. C. Chai, Y. Y. Kueh, and C. A. Tisdell, New York: Nova Science Publisher, 1997, page 145-160.
- (16) Lindbeck, Assar and Dennis J. Snower (2000) "Multitask Learning and the Reorganization of Work: From Tayloristic to Holistic Organization," *Journal of Labor Economics*, 18(3): 353-376.
- (17) Ho, Loksang, "Country of Origin Rules: Its Origin, Nature, and Directions for Reform," *Pacific Economics Review*, Vol. 3, No. 2, June 1998, pp.161-166.
- (18) Edward E. Leamer and Michael Storper (2001) "The Economic Geography of the Internet Age," NBER Working Paper No. W8450.
- (19) Robert J. Carbaugh (2002), *International Economics*, South-Western, Thomson Learning.
- (20) Robert E. Baldwin and L. Alan Winters (2004), *Challenges to Globalization: Analyzing the Economics*, University of Chicago Press: Chicago.
- (21) C. Simon Fan and Oded Stark (2007), "International Migration and "Educated Unemployment", " *Journal of Development Economics*, 83(1): 76-87.
- (22) C. Simon Fan and Oded Stark (2007), "The Brain Drain, "Educated Unemployment," Human Capital Formation, and Economic Betterment," *Economics of Transition*, 15(4): 629-660.
- (23) Oded Stark and C. Simon Fan (2007), "Losses and Gains to Developing Countries from the Migration of Educated Workers: An Overview of Recent Research, and New Reflections," *World Economics*, 8(2): 259-269.

Assessment:

Continuous Assessment: 40%
 Final Examination: 60%