

Course Title	:	Globalisation and Economic Integration
Course Code	:	ECO3214
Recommended Study Year	:	3 and 4
No. of Credits/Term	:	3
Mode of Tuition	:	Lecture-Tutorial
Class Contact Hours	:	2-hour lecture per week 1-hour tutorial per week
Category in Major Prog.	:	Major in Economics (Elective Course), IPE Major (Required Course)
Discipline	:	Economics
Prerequisite(s)	:	(a) ECO2101 Introduction to Economics, or (b)ECO2104 Introduction to Microeconomics and ECO2105 Introduction to Macroeconomics , or (c) BUS2105 Microeconomics for Business and (d) ECO3202 Intermediate Macroeconomics
Co-requisite(s)	:	N/A
Exclusion(s)	:	N/A
Exemption	:	N/A
Requirement(s)	:	

Brief Course Description:

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. This course will also introduce students to international banking and examines how well international capital markets allow portfolio diversification. Moreover, students will also have the chance to study the impact of globalization on potential financial crisis, and examine the roles of international organizations such as WTO, the World Bank, and the IMF.

Aims

To equip the students with knowledge of some basic theories of international economics and the skills of applying the theories to analyze the problems of various aspects of globalization and economic integration.

Learning Outcomes (LO)

Upon completion of the course, students

1. will be able to understand some basic theories of international economics, particularly international trade and international investment,
2. will be able to analyze real world phenomena that related to international movements of goods and services and international capital movements,
3. will better understand the importance of government policies in relation to increasing globalization in both developing and developed countries.

Good Practices

- Student will be advised to not only have a good command of the knowledge of economics but also have the capacity of applying economic theories to solve real-world problems.
- This course is closely related to many important contemporary issues, which will be discussed extensively by students to further their learning from this course.

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
3. External Economies of Scale and the International Location of Production
 - a. Types of economies of scale
 - b. Economies of scale and market structure
 - c. The theory of external economies
 - d. External economies and international trade
 - e. Dynamic increasing returns
 - f. International trade and economic geography

(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
3. Globalization in the Internet Age
 - a. The recent development of telecommunications and e-commerce
 - b. Internet and trade

(IV) International Banking and 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. Financial Globalization: Opportunity and Crisis
 - a. Portfolio diversification
 - b. Players in the international capital markets
 - c. Attainable policies with international capital markets
 - d. Offshore banking and offshore currency trading
 - e. Regulation of international banking

(V) Globalization, Financial Crisis, and Reform

1. Characteristics of poor countries
2. Borrowing and debt in poor and middle-income economies
3. The problem of “original sin”
4. Latin American, East Asian, and Russian crises
5. Lessons from crises and potential reforms

(VI) International Migration

1. International Labor Movements
2. The Impacts of International Migration for Developed Countries

3. The Impacts of International Migration for Developing Countries

(VII) Other Topics

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

Teaching Method

Lectures combined with tutorials. Important theories of international economics are taught in lectures. Students make presentations in tutorials. Close interactions among students and between students and the lecturer are engaged in lectures and particularly tutorials through intensive intellectual discussions.

Assessment

Continuous assessment	:	40%	
		(presentation	
		– 12%,	
		tutorial participation and discussion	–
		28%)	
Final examination	:	60%	

Measurement of Learning Outcomes

Learning outcomes are measured by:

- students' presentations of some materials that are closely related to this course in tutorials (LO1, LO2, LO3, LO4)
- students' participations in the intellectual discussions in lectures and particularly in tutorials through raising and answering questions (LO1, LO2, LO3, LO4)
- students' performances in the final examination covering all the topics taught in the course (LO1, LO2, LO3, LO4)

The continuous assessment (based on many presentations and discussion) accounts for 40% of the grade, and the final exam accounts for 60% of the grade.

Readings

- (1) Paul R. Krugman, Maurice Obstfeld, and Marc Melitz. 2020 International Economics: Theory and Policy. Boston: Addison Wesley.
- (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 : Harper Educational, 1994.
- (9) Meier, Gerald M., *The international environment of business: competition and governance in the global economy*, New York: Oxford University Press, 1998.
- (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.

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- (13) Daniels, P. W. and W. F. Lever, *The Global economy in transition*, London : Addison Wesley Longman, 1996
- (14) Gummert, 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) Robert J. Carbaugh (2002), *International Economics*, South-Western, Thomson Learning.
- (19) Robert E. Baldwin and L. Alan Winters (2004), *Challenges to Globalization: Analyzing the Economics*, University of Chicago Press: Chicago.
- (20) C. Simon Fan and Oded Stark (2007), "International Migration and "Educated Unemployment"," *Journal of Development Economics*, 83(1): 76-87.
- (22) Whitten, Gregory, Xiaoyi Dai, Simon Fan and Yu Pang (2020). "Do political relations affect international trade? Evidence from China's twelve trading partners," *Journal of Shipping and Trade*, 5(1), 1-24.
- (23) Chang, Pao-Li, Tomoki Fujii, and Wei Jin. (2022) "Good Names Beget Favors: The Impact of Country Image on Trade Flows and Welfare." *Management Science*.

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Rubric for Tutorial Presentations

Assessment Criteria	Exceeds Expectations/ Outstanding(26-35)	Meets Expectations/ Acceptable (13-25)	Need Improvement (0-12)
The Choice of Presentation Materials	Most pertinent to the course requirement and very enlightening and interesting to the audience of the students	Pertinent to the course requirement and interesting to the audience of the students	Somewhat pertinent to the course requirement and suitable to the audience of the students
Conceptual understanding of subject matter, particularly in raising the questions and in the discussions.	Cover a good range of relevant concepts/theories Important ideas pertinent to the topic are skillfully applied	Concepts/theories and important ideas pertinent to the topic are accurately used	Concepts/theories and important ideas pertinent to the topic are not accurately used
Integration of sources and evidence	The presentation displays a high level of relevance between the student's article and the concepts covered in class.	The presentation displays a moderate level of relevance between the student's article and the concepts covered in class.	The presentation does not establish that the article is relevant to concepts covered in class.
Uses good body language, eye contact, appropriate voice tone	Makes good eye contact with audience Shows enthusiasm and confidence Uses voice tone effectively	Makes fairly good eye contact with audience Shows some enthusiasm and confidence Uses voice tone relatively effectively	Make little or no eye contact with audience Shows little or no enthusiasm and confidence Uses voice tone ineffectively or to monotone
Makes effective use of presentation tools (slides/handouts)	Proper use of presentation tools with little or no distractions (e.g. appropriate animation/pictures, appropriate information on one slide, clear titles, etc.)	Generally good use of presentation tools. Some distractions but they are not overwhelming (e.g. reasonable animation/pictures, fair information on one slide, fair titles, etc.)	Poor use of presentation tools and/or many distractions (e.g. too much animation/pictures, too much information on one slide, absence of titles, etc.)

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Rubrics for Final Exam

	Excellent (85%-100%)	Acceptable (55% - 84%)	Poor (less than 55%)
Accuracy	The response uses the information from appropriate sources clearly, fully, directly, and accurately. The response is clearly related to a particular area of course coverage	The response communicates most of the relevant information in a generally correct and understandable way. The response is mostly related to a particular area of course coverage.	The response contains several factual errors. The response is barely related to any area of course coverage.
Analytic depth	The answer and opinions provided are well-supported with obvious and direct reference to pertinent information. The argument examines all sides of an issue thoroughly.	The answer and opinions provided are generally supported though some assumptions are not obvious or stated clearly. Some propositions may not be defended well. The argument mentions all sides of an issue, though not all sides are analyzed in equally appropriate depth.	The answer and opinions provided are barely or not supported by any argument or appeal to information in the article, lecture, or other relevant source. The argument is narrow, superficial, and/or one-sided.
Clarity of exposition	The written response is excellent with no glaring errors of spelling, usage, or grammar.	The quality of writing is good with few, though noticeable, errors in usage, spelling, and grammar.	There are frequent language errors in usage, spelling, and/or grammar.

Important Notes:

- (1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.

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- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students' understanding of plagiarism, a mini-course "Online Tutorial on Plagiarism Awareness" is available on <https://pla.ln.edu.hk/>.
- (5) Students are required to fill in a mid-term survey and the end of course CTLE survey.