

International Economics (ECEU603200): Syllabus

Second Semester 2024

as of 26 January 2025

Lecturers

Class	Lecturers
A	Fithra Faisal Hastiadi, S.E., M.M.G., Ph.D.
B-English	Rizki Nauli Siregar, S.E., M.A., Ph.D. Prof. Mari Elka Pangestu, S.E., M.E., Ph.D.
C	Dr. Christina Ruth Elisabeth L. Tobing, M.Si. Mohamad Dian Revindo, Ph.D.
D-English	I Made Krisna Yudhana Wisnu Gupta, M.S.E., Ph.D. Dr. Kiki Verico, S.E., IMRI., IMRI.

Schedule

Lectures : Monday, 11.00-13.30

Class	Room
A	A-110
B-English	A-102
C	A-203
D-English	A-108

This course is conducted in-person, except for some schedules in which we hold online lectures.

Course Description

This course is intended to provide a fundamental understanding of the basics of international economics. Essentially, international economics can be divided into the economics of international trade and the economics of international finance. In both streams, we cover theories and policies in international trade and international finance. In international trade,

we study why countries trade with each other, what determine trade patterns, and how countries gain from trade. In international finance, we study the flows of capital between countries, how exchange rate is determined, and how countries gain from movement of capital.

Prerequisites

- Macroeconomics 1
- Microeconomics 1

The International Economics course is a compulsory subject in the undergraduate program of Economics.

Learning Goals

	Expected Learning Outcome/Competency	Intensity Level
Knowledge	<p><u>General economic knowledge (GK):</u></p> <p>GK 1. Discussing basic economic theories using mathematical and graphical tools</p> <p>GK 2. Understanding the relevance of economic theories in daily life</p> <p>GK 3. Understanding the development of economic thoughts and theories and its origins</p> <p>GK 4. Comprehending basic economic theories and employing them to discuss real economic phenomena</p> <p><u>Specific economic knowledge (SK):</u></p> <p>SK 1. Discussing both economic and non-economic factors in the development of economy</p> <p>SK 2. Discussing the developments and directions of economic policies in general</p> <p>SK 3. Understanding public, industrial and other specific economic theories and utilizing them to discuss economic phenomena in the related fields</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>High</p>
Skill	<p><u>General economic skill (GS):</u></p> <p>GS 1. Accessing, processing, presenting, and interpreting economic variables and indicators</p> <p>GS 2. Processing economic data using statistical/econometrical/mathematical softwares</p> <p><u>Specific economic skill (SS):</u></p> <p>SS 1. Analyzing the development and the direction of specific economic policies in the related fields (public, industry, etc.)</p> <p>SS 2. Utilizing mathematical tools to perform dynamic economic analysis</p> <p>SS 3. Selecting and using appropriate research methodology as tools for performing economic analysis</p> <p>SS 4. Analyzing the development and the direction of general economic policies in Indonesian, regional, and global economy</p> <p>SS 5. Scientifically writing economic analysis in essays, articles, or academic papers (writing scientific economic analysis in the forms of essays, journal articles or academic papers)</p> <p><u>Transferrable/generic skill (TS):</u></p>	<p>High</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>

	Expected Learning Outcome/Competency	Intensity Level
	TS 1. Thinking critically, creatively, and innovatively and nurturing intellectual curiosity to solve problems at individual and group levels TS 2. Operating and utilizing information communication technology TS 3. Speaking and writing properly in Indonesian and English for both scientific and non-scientific purposes TS 4. Planning logical systematic writing TS 5. Identifying, searching, and finding relevant sources of reference for writing TS 6. Writing by using formal language and by applying scientific rules	High High High - - -
Attitude and professional ethics	<u>Transferrable/generic attitude (TA):</u> TA 1. Sensitive and responsive to any environmental, community, nation, and states problems TA 2. Full of integrity and respectful to others TA 3. Being independent in financial and thought	High High High

Course Materials

We use the following textbooks for this course:

- Krugman, Obstfeld, and Melitz, *International Economics: Theory and Policy* [KOM]
- Feenstra and Taylor, *International Economics* [FT]

The main textbook for this course is KOM. For some topics, we use FT as the main reference. In addition to textbooks, lecturers will incorporate pertinent articles and supplementary materials to enhance the learning experience.

Grading

Components	Weight (%)
Midterm Exam	35
Final Exam	35
Assignments and class participation	30

Schedule and Topics

Summarized schedules:

Lecture #	Main topics and subtopics	Assignment	Notes
1 February 3	Overview of International Economics : Trends and Challenges of Globalization	Assignment 1: write a short summary and essay	General lecture by Prof Mari Pangestu

Lecture #	Main topics and subtopics	Assignment	Notes
		of the lecture (max 5 pages)	
2 February 10	Ricardian Trade Theory		KOM 3; FT 2
3 February 17	Specific Factor Model	Assignment 2: problem set on Lectures 2 dan 3	KOM 4; FT 3
4 February 24	Heckscher-Ohlin Model, including Stolper-Samuelson theorem and Rybczynski Theorem		KOM 5; FT 4
5 March 3	Standard trade model	Assignment 3: problem set on Lectures 4 and 5	KOM 6
6 March 10	Firm Internalization: External economies of scale and internal economies of scale	Assignment 4: problem set on Lectures 6	KOM 7-8; FT 6
7 March 15 Kelas Pengganti	Offshoring		FT 7; KOM 7-8 Baldwin (2016) "The Great Convergence" (TBC on which chapter); Baldwin, "Globalization's Three Unbundling" [link] Kimura (2018) "'Unbundlings' and Development Strategies in ASEAN: Old Issues and New Challenges"
Midterm Exam March 17-26			
8 April 14	Trade Policy I - Import tariff for large and small open economy		KOM 9,10,11,12; FT 8, 10;

Lecture #	Main topics and subtopics	Assignment	Notes
	<ul style="list-style-type: none"> - Export subsidy - Application: US-China trade war 		<p>PPIE US-China Trade War: https://www.piie.com/research/trade-investment/us-china-trade-war</p>
9 April 21	<p>Trade Policy II</p> <ul style="list-style-type: none"> - Quantitative restrictions: quota and VER - Introduction to non-trade measures: LCR, standard - Introduction to multilateral rules 	Assignment 5: problem set on Lectures 8 and 9 [TBC]	<p>KOM 9,10,11,12; FT 11;</p> <ul style="list-style-type: none"> - Elisabeth, C.R., Panennungi, M., Verico, K. and Ekananda, M. (2020), "Non-tariff measures on imported intermediate input: empirical evidence from Indonesian manufacturing sector", International Journal of Economics and Management, Vol. 14 No. 2, pp. 189-201. - Elisabeth, C.R. and Verico, K. (2022), "The effects of Indonesia's technical barriers to trade on manufacturing exports: an empirical analysis using the pseudo-Poisson maximum likelihood method", Journal of International Trade Law and Policy, Vol. 21 No. 2, pp. 160-181. - ERIA-UNCTAD, Non-Tariff Measures in ASEAN, edited by Lili Yan Ing Santiago Fernandez de Cordoba, Olivier Cadot, 2016. Link : https://unctad.org/system/files/official-document/ERIA-UNCTAD_Non-Tariff_Measures_in_ASEAN_en.pdf - UNCTAD, International Classification of Non-Tariff Measures, Geneva, 2019. Link: https://unctad.org/system/files/official-document/ditctab2019d5_en.pdf
10 April 26 (Kelas Pengganti)	Balance of Payments and introduction to data in international economics		

Lecture #	Main topics and subtopics	Assignment	Notes
11 April 28	International Macro 1: <ul style="list-style-type: none"> - Basics of exchange rate: appreciation vs depreciation - Interest rate determination (UIP and CIP or domestic asset market equilibrium) - LoP and PPP - PPP: absolute vs relative - Deviation from PPP 		
12 May 5	International Macro 2: <ul style="list-style-type: none"> - Money market equilibrium/Quantity theory of money - PPP and money market equilibrium to determine exchange rates - Fisher effect and real interest parity 	Assignment 6: problem set on Lectures 11 and 12 [KV]	
13 May 10 Kelas Pengganti	International Macro 3: <ul style="list-style-type: none"> - RER approach (as in KOM) to determine exchange rates - International macroeconomics policy trilemma - Application: J-Curve 	Assignment 7: problem set on Lecture 13/ Final Presentation Assignment for Last Class	
14 May 19	Assignment on using data to address issues in international trade and		

Lecture #	Main topics and subtopics	Assignment	Notes
	finance: group exercise and presentation		
Final Exam May 24- June 5			

Notes on assignments:

- Assignments are due on the **Fridays at 5 pm** on the weeks they are noted on the schedule above.
- Assignments should **be submitted individually**. Lecturers will assign mode of submissions for each class (e.g., through EMAS, MS Teams, emails, etc).
- Assignments are graded mostly by completion and not by accuracy of your answers. We encourage you to take these assignments as resources for your independent learning process.

Assignment #	Type of Assignment	Due Date
1	Short essay	7 Feb 2025
2	Problem set	21 Feb 2025
3	Problem set	7 Mar 2025
4	Problem set	15 Mar 2025
5	Problem set	25 April 2025
6	Problem set	May 9 2025
7	Data and short analysis	19 May 2025

Other Policies

- Referring to the faculty regulation, this course requires students to fulfill a minimum attendance of 60% of lectures to be eligible to participate in the final exam.
- Our class should be a safe space to learn from each other. Please be respectful towards everyone in the class including in any communication.

Resources

- Some copies of textbooks are available for students to be borrowed. Contact Pusat Sumber Belajar (PSB) FEB UI for more details: <https://psb.feb.ui.ac.id/index.php>
- You can access journal articles and other literatures using your UI account at: <https://remote-lib.ui.ac.id/>
- If you need Stata, please contact the Computer Lab at the Department of Economics.

- If you experience mental or physical health challenges, you can contact: <https://feb.ui.ac.id/kantor-kemahasiswaan/> and/or Klinik Satelit UI at 089602912060 or 021-78888176.
- If you have a disability or other special needs that require accommodation, please let your lecturers know in the first two weeks of the course or as soon as possible.

Plagiarism and Cheating

Students should maintain originality and respect intellectual property rights. Therefore, students should avoid committing any act of plagiarism when doing written assignments (if any), which may take the form of short individual/group papers and/or summary.

The following are acts of plagiarism:

- Copying paragraphs, sentences, a single sentence, or even a significant part of a sentence directly without enclosing them in quotation marks and appropriately footnoted;
- Using and/or developing other's ideas found in printed materials or film elsewhere without explicitly referencing them to the respective author or the source of the idea.

Plagiarism is a serious infringement of intellectual property rights. Any assignment that contains presumed plagiarism will be marked 0 (zero).

Since students are required to write group papers, students should sign a Statement of Authorship and attach it to their papers before paper submission. The form of Statement of Authorship is available at the Resource Center of the Program. The lecturer(s) and/or tutor(s) will refuse to mark any paper that has no signed Statement of Authorship attached.

In addition, students should ask for a cover sheet from the Resource Center of the Program for any assignment submitted.

The sanction for plagiarism:

- First time: the paper will be graded F
- Second time: final grade for the specific course will be graded F
- Third time: expelled from Department of Economics FEB UI

Sanction for cheating during an exam:

- Exam will be graded "F"

