Economics III
(Semester 4)

International Economics

Course Introduction
An introduction to major issues in international trade and finance as well as the conceptual frameworks for understanding these issues. Topics include: theories of international trade, multinational corporations and FDI, global production networks and supply chains, international financial markets and capital mobility, exchange rate regimes, macroeconomic stabilization policies in the open economy setting.

Course Objective & Aims
This course serves as a stand-alone course for those interested in understanding the issues in international finance and trade. It helps gain entry to theoretical and applied courses in each field at higher levels of study.

Course Learning Outcomes
By the end of the part "international trade", students should understand:
- The principle of comparative advantage and the conditions under which trade may benefit all countries involved.
- How cross-country differences in technology and endowment determine the world trade pattern and why similar countries also trade with each other.
- How trade affects the rewards to productive factors and how supply-chain trade affects the global income distribution.
- How the interactions between trade globalization and technology progress have reshaped the world production landscape, with a special focus on Asia-Pacific economy. By the end of the part "international finance", students should understand.
- The history of international monetary system and the structure of world FX markets.
- The balance of payments accounting and the valuation effect.
- The exchange rate determination in the short run and in the long run.
- The policies that governments may use to address internal and external imbalances.

Content outline

Unit 1:
- Globalization: Retreat or Reset? US-China Trade War Part I: International Trade

Unit 2:
- Why Nations Trade
- The Ricardian Model: Technology & Trade
- The Heckscher-Ohlin Model: Endowment & Trade
- Absolute vs. Comparative Advantage
- Trade Patterns of various countries.

Unit 3:
- Who Gains and Who Loses from Trade?
- Silicon Valley vs. Rust Belt US Manufacturing Job Losses since the 1980s
- Global Inequality and the Elephant Curve

Unit 4:
- North-North Intra-Industry Trade
- The Krugman-Melitz Model Cost Structure of Smartphone
- Automobile Trade in NAFTA and USMCA

Unit 5:
- North-South Intra-Industry Trade
- Production Networks & Supply Chains
- Off shoring vs. Automation
- Globalization: Past, Present, Future

Unit 6:
- International Finance

Unit 7:
- National Accounts and Balance of Payments

Unit 8:
- Exchange Rate Determination in the Short Run
- An Asset Approach
- Carry Trade of Japanese Yen and Aussie Dollar
- (Un) covered Interest Rate Parity

Unit 9:
- Exchange Rate Determinations in the Long

Unit 10:
- Open Macro economies in the Short Run

Unit 11:
- Macroeconomic Stabilization

Recommended Textbook
International Economics: Theory and Policy. (Steve Suranovic). Publisher: Saylor Foundation

Assessment Summary

Assignments	10%
Quizzes	10%
Lecture Demonstration	15%

Mid-Term	25%
Final Exam	40%

GROUP 2: ISLAMIC STUDIES
(Academic Content Courses)

Islamic Studies – I (semester 2)
Fundamentals of Islam

Islamic Studies – II (semester 3)
The Qur'an, Hadith and Sunnah

Islamic Studies – III (semester 4)
اسلامیات(مافیہ)