



## Course Syllabus for **International Economics**

ECON 3500-002 \* Fall 2015

Meeting times and location: Mondays and Wednesdays 11:50 am – 1:10 pm, SW 134

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### **Course Description:**

This course is intended to provide students with an analytical framework necessary to understand how events in the world economy affect national economies and how events in national economies affects the world economy. The analysis will focus on concepts in international trade and international financial markets and their impact on national economies' growth and stability.

We begin with an overview of international economics and trends in the world economy. We then study the theories/models of international trade that economists use to show how countries may gain from opening up their borders to trade in goods and services. We do so keeping in mind that in reality, gains from trade depends on a variety of factors and that, it is not always true that trade can be beneficial to countries, especially for developing ones. Exchange rate determination and Balance of Payments (BOP) will open up our discussion of the finance aspect of international trade. Here we also analyze the evolution of global imbalances. Finally, we examine the role of financial markets for growth and stability while stressing the need for a new design of the international financial system. Policy issues will be discussed throughout the semester with special emphasis on trade and monetary policies and their implications.

Prerequisite: ECON 2010 and ECON 2020 (or ECON 1010 and instructor's consent).

### **Course Objectives:**

At the completion of this course, students are expected to:

- (1) be able to explain how the world economy works using the theories/models of international trade,
- (2) comprehend the limitations of the theories/models of international trade,
- (3) recognize the crucial role the choice of exchange rate system and its impacts on a country's external balance,
- (4) understand the evolution of international monetary system and the need for reforms, and
- (5) be able to analyze the policy implications of trade and monetary policies on the world economy.

### **Course Material:**

#### **Required Textbook**

*International Economics: Theory and Policy, 10th edition* by Krugman, Obstfeld, and Melitz. The textbook can be purchased from the university bookstore. A copy is on reserve at the Marriot Library for limited use. An older edition may work as well with certain adjustments. There are hardly any differences between the 9th and the 10th edition of the textbook regarding contents except the switching of Chapter 20 and Chapter 21 from the earlier order.

### **Other materials**

For more interactive practice quizzes, tests, and exercises students are encouraged to sign up for MyEconLab, the online assessment and tutorial system that accompanies the required textbook. The three main sections to focus on MyEconLab are the interactive homework exercises, current news exercises, and real-time data analysis exercises. To sign up, go to [www.myeconlab.com](http://www.myeconlab.com), select the student tab and register using course name: ECON 3500-002 International Economics and course id: mohammedo8327.

Issues on international economics show up in daily news, talk shows and debates among economists, policy makers or elected officials. I encourage you to acquaint yourself with the most up-to-date news on the global economy before every class. The Economist <http://www.economist.com/> is a good place to start. Other useful sources include news outlets such as the Financial Times global economy watch <http://www.ft.com/intl/globaleconomy> and some editorials in the main national newspapers. Blogs that focus on issues related to international economics are also useful. Check out Paul Krugman's blog <http://krugman.blogs.nytimes.com/> or the Economist's blog <http://www.economist.com/latest-updates>. As I find interesting articles and videos, I will post the link on Canvas.

### **Course Organization:**

#### **Grading**

- 10 Quizzes (20%)
- 2 Assignments (15%)
- 1 in-class Midterm Exam (30%)
- 1 in-class Final Exam (35%).

Grades will follow an absolute scale according to the university's requirements: [in %] 93+ A, 90-92 A-, 86-89 B+, 82-85 B, 79-81 B-, 76-78 C+, 73-75 C, 70-72 C-, 67-69 D+, 64-66 D, 60-63 D-, <60 F.

*Students who typically do well in the course are those who come to class every day on time and take good notes. Students who usually get lower grades are those who miss classes and/or come late and fail to take good notes. Even if you are able to borrow a classmate's notes, they are not a perfect substitute for you being in class and taking your own notes. Writing out problems and notes in class reinforces the concepts discussed and will help you do better on the quizzes, assignments, and exams and most importantly enrich your understanding of International Economics.*

### **Late assignments and make-up exam policy:**

All quizzes and assignments will be posted on canvas unless otherwise stated. The system will be set up such that no answers can be submitted after the deadline. In other words no late quizzes and assignments will be accepted. In terms of make-up exams, you will have to give me at least 4 weeks' notice otherwise no make-up exam will be available. In case of family or personal medical emergency you will need to provide a note from a physician/hospital which will be checked by the department.

### **Americans with Disabilities Act (ADA) Statement:**

The University of Utah seeks to provide equal access to its programs, services, and activities for people with disabilities. If you will need accommodations in the class, reasonable prior notice needs to be given to the Center for Disability Services (CDS), 162 Olpin Union Building, 581-5020 (V/TDD). CDS will work with you and me to make arrangements for accommodations. All information in this course can be made available in alternative format with prior notification to the Center for Disability Services. [www.hr.utah.edu/oeo/ada/guide/faculty/](http://www.hr.utah.edu/oeo/ada/guide/faculty/)

### Tentative Course Outline

Week	Class	Topic	Readings	Quizzes & Assignments
1	Aug 24 Aug 26	Introduction, Overview of World Economy Multinationals/Offshoring/Outsourcing	Ch 1, 2 TBA	Assignment 1, due Aug 30
2	Aug 31 Sep 2	The Ricardian Model The Ricardian Model/Specific Factors Model	Ch 3 Ch 3, 4	Quiz 1, due Sep 3
3	Sep 7 Sep 9	***Labor Day Holiday*** Specific Factors Model	Ch 4	Quiz 2, due Sep 10
4	Sep 14 Sep 16	Heckscher-Ohlin Model Heckscher-Ohlin Model/Standard Trade Model	Ch 5 Ch 5, 6	Quiz 3, due Sep 17
5	Sep 21 Sep 23	Standard Trade Model Standard Trade Model	Ch 6 Ch 6	Quiz 4, due Sep 24
6	Sep 28 Sep 30	Trade Policies & The Economic Impact of International Trade Guest Speaker: John C. Downen, Senior Analyst, The Policy Institute	Ch 9, 10 TBA	No Quiz
7	Oct 5 Oct 7	Exchange Rate Determination & Foreign Exchange Markets <i>Midterm Exam (Wednesday October 7, 2015; 11:50 am – 1:05 pm)</i>	Ch 14	No Quiz
8	Oct 12 Oct 14	*** Fall Break*** *** Fall Break***		
9	Oct 19 Oct 21	Exchange Rate Determination & Foreign Exchange Markets Money, Interest Rates, and Exchange Rates	Ch 14 Ch 15	Quiz 5, due Oct 22
10	Oct 26 Oct 28	Fixed Exchange Rates and Foreign Exchange Intervention Fixed Exchange Rates and Foreign Exchange Intervention	Ch 18 Ch 18	Quiz 6, due Oct 29
11	Nov 2 Nov 4	Purchasing Power Parity (PPP) National Income Accounting	Ch 16 Ch13	Quiz 7, due Nov 5
12	Nov 9 Nov 11	National Income Accounting & The Balance of Payments (BOP) The Balance of Payments (BOP)	Ch 13 Ch 13	Quiz 8, due Nov 12
13	Nov 16 Nov 18	International Monetary Systems Global Imbalances: US-China Debate	Ch 19 TBA	Quiz 9, due Nov 19
14	Nov 23 Nov 25	Developing Countries: Growth, Crisis, and Reform Trade Policies in Developing Countries	Ch 22 Ch 11	Assignment 2, due Nov 29
15	Nov 30 Dec 2	Financial Globalization Optimum Currency Areas & The European Experience: EU & The Euro	Ch 20 Ch 21	Quiz 10, due Dec 3
16	Dec 7 Dec 9	The EU/Greek Crisis Wrap-up & Review for Final	TBA	No Quiz
17	Dec 14	<i>Final Exam (Monday, December 14, 2015; 8:00 am - 10:00 am)</i>		

#### **Course Policy:**

According to the Student Code, spelled out in the Student Handbook, all students are expected to maintain professional behavior in the classroom setting. Students have specific rights in the classroom as detailed in Article III of the Code. The Code also specifies proscribed conduct (Article XI) that involves cheating on tests, plagiarism, and/or collusion, as well as fraud, theft, etc. Students should read the Code carefully and know they are responsible for the content. Academic dishonesty (cheating, plagiarism, etc) or disruptive behavior in the classroom will not be tolerated and might lead to expulsion, failure of the course and other possible penalties. According to Faculty Rules and Regulations, it is the faculty responsibility to enforce responsible classroom behaviors. As such, any behavior judged by the instructor as disrespectful or inappropriate for the class environment would lead to a disciplinary action beginning with verbal warning and progressing to dismissal from class and a failing grade. Students have the right to appeal such action to the Student Behavior Committee. In enforcing responsible classroom behaviors, my goal is to foster a positive learning environment for all of you to excel.

The instructor reserves the right to make adjustments to this syllabus. Any change will be notified at least one week in advance. But it is your responsibility to stay informed if you do not attend all the classes.