
REQUIRED TEXT:

(South-Western/Cengage, 2015). [Previous editions are acceptable.]

COURSE DESCRIPTION:

This course will familiarize students with the economics of international trade and monetary relations, examining motivations for and results of international trade as well as associated institutional arrangements. In analyzing international trade relations, we will study comparative advantage among nations, tariff and nontariff barriers to trade, multinational enterprises, developing countries, and regional trading arrangements such as NAFTA and the European Union. Our study of international monetary relations will include the balance of payments, foreign exchange, exchange-rate determination, alternative exchange-rate systems, international reserves, and international debt problems. By the end of this course, each student should have a solid economic basis for understanding and evaluating international economic policy issues discussed in publications such as *The Economist* and the *Wall Street Journal*.

GRADING:

Your course grade will be based primarily on essay examinations, as described below. Students requesting a grade of "incomplete" must have been passing the course up to the last three weeks of the semester and, due to documentable illness or emergency, be unable to complete the course.

HOW TO GET A GOOD GRADE IN THIS CLASS:

***SECRET TIP:*** Studying hard for Exam 1 is the secret to success in this class.
The fall 2009 College assessment of EC317 showed that, although Exam 1 is the easiest exam in this course, too many students underestimated the time and effort required to prepare for the exam and consequently received a poor grade on it. Indeed, some students created such a “deep hole” in their grade by doing poorly on Exam 1 that they were unable to overcome it. Our conclusion from the 2009 EC317 assessment was that we should alert students to the importance of studying hard and doing well on Exam 1. It’s the key to success in this course. Please consider yourself alerted!

In addition, for this class it is especially important that you do the following:

• Read the assigned chapters before our class discussion of that material. Each week we will cover 1-2 chapters of the Carbaugh text (as shown on the attached course schedule), so it is essential that you keep up with the reading.

• Participate actively in class: ask questions; give examples from your own experience; tell me when to slow down or speed up.

• ***Write out detailed answers to all of the study questions posted on the Blackboard site for our class. Please consider this mandatory, because the questions on our exams will be based on topics covered by the study questions.

• Participate actively in a study group (see below).

• Contact me right away if you are having trouble with any of the material. Please either call me at the office (426-1335), call me on my cell phone (859-4275) or send me an e-mail message (ctwright@boisestate.edu). I want to help you understand this material, and I can best help if you tell me what you need!

ACADEMIC HONESTY:

Academic honesty is expected and required in this course, as it is throughout Boise State University. Please review BSU’s policy governing academic honesty, described in the BSU Undergraduate Catalog.

ATTENDANCE:

Attendance is required. If you are absent more than three times, it will seriously affect your grade, usually lowering it by one full letter grade (except for emergency situations). Please notify me in advance if you know that you will have to be absent.

CLASS ETIQUETTE:

• Please don’t eat during class.
• Please don’t leave and return during our class period (unless it’s an emergency).
• If you must leave class early or arrive late, please tell me ahead of time--and choose a seat close to the door to minimize the disturbance to the rest of the class.
• During our class period, please don’t walk in front of the class.
• Please turn all electronic equipment off during class (computer, cellphone, iPad, etc.).

GRADING: EXAMS

1. There will be three noncumulative exams in this course. Exams will be in essay format.

2. These three exam grades will be averaged to determine your course grade.

3. Each exam will cover material from both the assigned readings and the lectures.

4. The dates for the exams are shown on the course schedule toward the end of this syllabus.

• STUDY GROUPS:

During the first week of class, you will form 4-5 person study teams, as will be discussed in class.

COLLEGE OF BUSINESS & ECONOMICS (COBE) WRITING STYLES GUIDE:

Available at http://cobe.boisestate.edu/COBEwritingGuide/.

READING ASSIGNMENTS:

The reading assignments in Carbaugh's International Economics are shown on the following course schedule. In addition, you are encouraged to read the Wall Street Journal, which routinely covers developments in international trade and finance. Student discounts on subscriptions to the Wall Street Journal are available, but subscription to the Journal is not a requirement for this course.

COURSE SCHEDULE / REQUIRED READING

Week 1: Carbaugh, Chap. 1 (The International Economy and Globalization).
Carbaugh, Chap. 2  (Foundations of Modern Trade Theory: Comparative Advantage)

**Week 2:***
Carbaugh, Chap. 2  (Foundations of Modern Trade Theory: Comparative Advantage)
Carbaugh, Chap. 3  (Sources of Comparative Advantage).

**Week 3:***
Carbaugh, Chap. 3  (Sources of Comparative Advantage).
Carbaugh, Chap. 4  (Tariffs).

**Week 4:***
Carbaugh, Chap. 4  (Tariffs).
Carbaugh, Chap. 5  (Nontariff Trade Barriers)

**Week 5:**
Carbaugh, Chap. 5  (Nontariff Trade Barriers)

**EXAM 1** (Wednesday, February 10).

**Week 6:**
Carbaugh, Chap. 6  (Trade Regulations and Industrial Policies).
Carbaugh, Chap. 7  (Trade Policies for the Developing Nations).

**Week 7:**
Carbaugh, Chap. 7  (Trade Policies for the Developing Nations).
Carbaugh, Chap. 8  (Regional Trading Arrangements).

**Week 8:**
Carbaugh, Chap. 8  (Regional Trading Arrangements).
Carbaugh, Chap. 9  (International Factor Movements and Multinational Enterprises)

**Week 9:**
Carbaugh, Chap. 9  (International Factor Movements and Multinational Enterprises).
Carbaugh, Chap. 10  (The Balance-of-Payments)

**Week 10:**
Carbaugh, Chap. 10  (The Balance-of-Payments)

**EXAM 2** (Wednesday, March 16).

**Week 11:**
Carbaugh, Chap. 11  (Foreign Exchange)
Carbaugh, Chap. 12  (Exchange Rate Determination)

**Week 12:**
Carbaugh, Chap. 12  (Exchange Rate Determination).
Carbaugh, Chap. 13  (Mechanisms of International Adjustment—just 7 pages).
Week 13: Carbaugh, Chap. 13 (Mechanisms of International Adjustment—just 7 pages).
Carbaugh, Chap. 14 (Exchange Rate Adjustments and the Balance-of-Payments)

Week 14: Carbaugh, Chap. 14 (Exchange Rate Adjustments and the Balance-of-Payments)
Carbaugh, Chap. 15 (Exchange Rate Systems and Currency Crises)

Week 15: Carbaugh, Chap. 15 (Exchange Rate Systems and Currency Crises)

**EXAM 3** (Wednesday, April 20)

Week 16: Dead week. Our class will not meet this week.

Week 17: Final exams, May 2 – 6 (no final exam in this class).

**Addendum to Course Syllabus: Grading**

Grading in EC 317 will follow the University’s plus/minus grading scale, shown in the Boise State University 2015-2016 Undergraduate Catalog, Chapter 5 (pages 32-33).

LEARNING GOALS FOR INTERNATIONAL ECONOMICS

A student who has completed the international economics course (EC317) should be able to think critically about international economic issues and be able to apply economic reasoning in analyzing effects of changes in international economic policies and conditions. Specific learning goals include:

Interdependence among nations: Students should gain solid understanding of the sources and consequences of economic interdependence among nations.

Comparative advantage and benefits of international trade: Students should understand the crucial role of comparative advantage in guiding international specialization and facilitating mutual gains from trade. The evolution of economic theory to explain equilibrium and disequilibrium conditions in international markets forms a key part of this analysis.

Equilibrium terms of trade: Students should learn the role of international opportunity costs and international demand conditions in determining—and altering—equilibrium terms of trade.
Protectionist policies: Students should know the economic consequences of protectionist policies such as tariffs and nontariff barriers on disparate groups—such as exporters, import-competing industries, and consumers—in the affected nations.

Trade policies and institutions of the U.S.: Students should know the history and present nature of U.S. international trade policies and institutions.

Trade policies of developing nations: Students should understand the range and types of trade policies frequently adopted by developing nations, as well as their economic results.

Regional trading arrangements: Students should perceive the economic implications of alternative types of regional trading arrangements (such as a free trade area, customs union, common market, or economic union) as well as recent and historical use of these economic arrangements (for example, the North American Free Trade Agreement and European Union).

Multinational enterprises: Students should understand predicted and actual economic impacts of multinational enterprises on affected nations. Students should be able to use economic analysis to assess benefits and costs of the multinational enterprises, incentives to operate as a multinational enterprise, and criticisms that have been leveled against multinational enterprises.

Balance of payments: Students should know the mechanics of balance of payments accounting as well as the connection between the balance-of-payments accounts (e.g., the current account and the capital account) and related issues such as trade deficits, foreign direct investment, and international debt.

Foreign exchange and exchange rate determination: Students should learn the economic causes and results of changes in international currency prices. They should understand what determines an equilibrium exchange rate and what factors cause a currency's appreciation or depreciation.

Alternative exchange rate systems: Students should learn to how exchange rate adjustment occurs under alternative exchange rate systems such as a fixed exchange rate system, an adjustable-peg system, flexible/floating exchange rate systems, and other systems.

International economic policy: Students should gain understanding of how nations use monetary and fiscal policy to pursue economic objectives of internal balance and external balance.

International banking: Students should learn the nature and functions of international reserves, the determinants of the supply of and demand for international reserves, and the role of international institutions such as the International Monetary Fund in determining the availability of reserves.

Skill in using diagrams to express relationships: Students should increase their ability to use graphs and other diagrams to express economic relationships and to predict the consequences of changes in relevant variables.
EVALUATION OF STUDENT ACHIEVEMENT OF LEARNING GOALS FOR INTERNATIONAL ECONOMICS

As described in the "Grading: Exams," section of this course syllabus, student achievement of the learning goals for international economics will be evaluated by means of each student's performance on examinations reflecting material covered in the assigned readings and in lecture. Prior to the exams, students may further assess their individual achievement of these learning goals by answering assigned study questions related to each chapter's material.

Specific textual coverage of material relevant to the stated learning objectives is as follows:

**Interdependence among nations:** Covered explicitly in Carbaugh, Chapter 1. Discussed further in conjunction with other sections of the course material.

**Comparative advantage and benefits of international trade:** Covered explicitly in Carbaugh, Chapters 2 and 3. Discussed further in conjunction with other sections of the course material.

**Equilibrium terms of trade:** Covered explicitly in Carbaugh, Chapters 2 and 3. Discussed further in conjunction with other sections of the course material.

**Protectionist policies:** Covered explicitly in Carbaugh, Chapters 4, 5, and 6. Discussed further in conjunction with other sections of the course material.

**Trade policies and institutions of the U.S.:** Covered explicitly in Carbaugh, Chapter 6. Discussed further in conjunction with other sections of the course material.

**Trade policies of developing nations:** Covered explicitly in Carbaugh, Chapter 7. Discussed further in conjunction with other sections of the course material.

**Regional trading arrangements:** Covered explicitly in Carbaugh, Chapter 8. Discussed further in conjunction with other sections of the course material.

**Multinational enterprises:** Covered explicitly in Carbaugh, Chapter 9. Discussed further in conjunction with other sections of the course material.

**Balance of payments:** Covered explicitly in Carbaugh, Chapter 10. Discussed further in conjunction with other sections of the course material.

**Foreign exchange and exchange rate determination:** Covered explicitly in Carbaugh, Chapters 11 and 12. Discussed further in conjunction with other sections of the course material.

**Alternative exchange rate systems:** Covered explicitly in Carbaugh, Chapters 13, 14, and 15. Discussed further in conjunction with other sections of the course material.
**International economic policy:** Covered in Carbaugh, Chapters 4, 5, 6, 7, 15, and 17. Discussed further in conjunction with other sections of the course material.

**International banking:** Covered explicitly in Carbaugh, Chapter 17. Discussed further in conjunction with other sections of the course material.

**Skill in using diagrams to express relationships:** Covered explicitly in almost every chapter of the Carbaugh text.