

ECONOMICS 317 - FALL 2010
INTERNATIONAL ECONOMICS
COLLEGE OF BUSINESS & ECONOMICS
BOISE STATE UNIVERSITY

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OFFICE HOURS:
TTH: 3:00-4:00 PM
(& ANYTIME BY APPOINTMENT)

PREREQUISITES: EC201 and EC202 (formerly EC205 and EC206).

REQUIRED TEXT:

Carbaugh, Robert J., International Economics, 12th Edition
(South-Western/Cengage, 2009).

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 on examinations described below and an optional research paper. To get an "A" in the course, you must write a research paper as described below. Grades up to and including a grade of "B," however, may be earned without a research paper, on the basis of exams alone.

For those students who choose to write a research paper, the course grade will be based 75% on examinations and 25% on the research paper. For those who do not write a research paper, the course grade will be based 100% on exam grades.

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.**

Last fall's 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 bad 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 dig their way out of it. Our conclusion from the 2009 EC317 assessment was the importance of alerting students to the importance of studying hard and doing well on Exam 1. It's the key to success in this course. 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 distributed in class. The exams will be based on these study questions.
- Form (or join) a study group.
- 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 (ctwight@boisestate.edu). I want to help you understand this material, and I can only 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.
- 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 your cell phone off (or set it to silent mode) during class.

EXAMS:

1. There will be four exams: three (noncumulative) midterm exams and a fourth (cumulative) examination that will cover all of the material in the course. Exams will be in essay format.
2. **You must take each of the first three exams** unless an illness or emergency of which you notify me in writing before the exam prevents you from doing so. You may skip the final exam if:
 - you have taken the first three exams;
 - you earned a grade of 70% or better on each of the first three exams;
 - you verify your course grade with me before the final exam; and
 - you decide to let that course grade stand.
3. **Your best three exam grades will be weighed into the determination of your course grade.** (That is, I will drop your worst exam grade in determining your course grade.) If you do not write a research paper, each of your best three exam grades will count as one third of your course grade. If you do write a research paper, each of your best three exam grades will count as one fourth of your course grade (and your research paper will count as the other one fourth of your course grade).
4. **Special rule regarding final exam:** The following rule applies only if you have taken each of the first three exams and, in addition, take the final exam. In those circumstances, if your grade on the comprehensive final exam is better than the average of your best three exams, then your final exam grade will count as 75% of your course grade (for those writing research papers) or 100% of your course grade (for those not writing research papers--up to a maximum grade of B as explained above). Please note that taking the final exam can only improve your course grade.
5. Each exam will cover material from both the assigned readings and the lectures.
6. Since you are permitted to drop your worst exam grade, NO MAKEUP EXAMS will be given.

7. The dates for the exams are shown on the course schedule on pages 6-7 of this syllabus.

PAPER:

As noted above, a research paper is required for an “A” grade in this course. However, for grades up to and including a grade of “B,” the research paper is optional. If you choose to write a research paper, the requirements are as follows:

1. Your paper will be a research project on a topic chosen by you, with my approval. It may deal with any aspect of international economics that interests you. Because of the length limit described below, the topic chosen should be neither too narrow nor too broad.
2. Each paper is to be ten to twelve double-spaced pages, exclusive of the title page, endnote page(s), bibliography, and exhibits, graphs, or charts. It must be typewritten. Please use one-inch margins and number your pages. Use a standard 12-point font, and make sure the print is dark enough to be read easily.
3. In preparing these papers, students are expected to supplement the assigned readings with outside research involving relevant academic literature. In addition to any other sources you use, you are required to use as references at least four to six academic (economic) journal articles that you find by using the Journal of Economic Literature (ECONLIT) database, a searchable database accessible on the BSU library website. We will discuss in class the nature of academic journal articles and how they differ from other types of publications.
4. In the text of your paper, you must cite and discuss each academic journal article included in your list of references. When citing an article or book within the body of your paper, you must include the date of the publication and the **specific page number from which the material cited in your paper is taken** (e.g., Jones, 2010, p. 355).
5. Accurate documentation of your sources is required. If you obtain materials from the Internet, include full identification of the website and the source and title of the material you obtain there. Always make sure that any Internet source you are citing is credible (for example, sources such as Wikipedia undermine your credibility).
6. Papers will be graded on form as well as substance. Organization, spelling, punctuation, grammar, and word usage are important aspects of your written presentation that will be evaluated. In general, your paper grade will be lowered one full letter grade if it is deficient in these respects. Please use the COBE Writing Style Guide as your style guide in writing your research paper, and ask me if you have questions about the Guide or the issues it covers. The COBE Writing Style Guide is available at: <http://cobe.boisestate.edu/COBEwritingGuide/>.

7. Plagiarism is unacceptable under any circumstances and will result in a failing grade on your paper. **Always use quotation marks and cite your source (including the page number) if you want to use another author's words, even if it is only a short phrase that you are using.** If you have any questions about plagiarism or about correct citation methods, please come and talk with me.

Note: It is not acceptable just to cite the source, without using quotation marks, if you are using another author's exact words. Quotation marks must be used to show that those exact words came from the article or book that you are citing.

8. Paper topics must be submitted in writing (typewritten, double-spaced) **no later than October 7** (at the beginning of class). The sooner you develop your paper topic, the better. Your topic proposal should include a two-paragraph summary of the issue(s) to be investigated, as well as a preliminary bibliography. Once your paper topic is approved, you may not switch topics without obtaining my approval.
9. Papers are due **no later than November 30** (the first Tuesday after the Thanksgiving holiday break). If you prefer to submit your paper before Thanksgiving break, that would be excellent.
10. Late papers will be penalized at least one full grade, except in circumstances that would qualify a student to receive an "incomplete" grade in the course.
11. **You must hand in a copy of each of your reference articles (each one stapled) when you submit your paper.** **Please put the articles in alphabetical order by author's last name, and label them prominently by author's last name on the first page of each article.** Also, please include a copy of your original paper proposal with my comments on it. It is helpful if you submit all of these items in a **10 x 13 manila envelope** with your name on the front (so I don't lose anything!).

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

Available at <http://cobe.boisestate.edu/COBEwritingGuide/> . Please use this document as your style guide if you are writing a research paper.

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. Sign-up sheets for the Wall Street Journal are available, but subscription to the Journal is not a requirement.

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).

****EXAM 1** (Thursday, September 16)**

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

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

****Last day to drop classes (Friday, October 1)**

Week 7: Carbaugh, Chap. 8 (Regional Trading Arrangements).
Carbaugh, Chap. 9 (International Factor Movements and Multinational Enterprises).

****Paper topics due** (Thursday, October 7)**

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

****EXAM 2** (Thursday, October 14)**

Week 9: Carbaugh, Chap. 10 (The Balance of Payments)
Carbaugh, Chap. 11 (Foreign Exchange).

Week 10: Carbaugh, Chap. 12 (Exchange-Rate Determination).

****Note:** Class canceled on Thursday, October 28.**

****EXTRA CREDIT:** Brandt Foundation Lecture, Thursday, Oct. 28, 7:00 pm
(Jordan Ballroom, Student Union Building)**

Week 11: Carbaugh, Chap. 12 (Exchange-Rate Determination).
Carbaugh, Chap. 13 (Balance-of-Payments Adjustments).

Week 12: Carbaugh, Chap. 13 (Balance-of-Payments Adjustments).
Carbaugh, Chap. 14 (Exchange-Rate Adjustments and the Balance of Payments).

Week 13: Carbaugh, Chap. 14 (Exchange-Rate Adjustments and the Balance of Payments).

****EXAM 3** (Thursday, November 18)**

Week 14: ****Thanksgiving holiday, November 22-28**

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

****PAPERS DUE** (Tuesday, November 30, at the beginning of class)**

Week 16: Review for final exam.

Last day of our class (Thursday, December 9)

Week 17: ****EXAM 4** (per BSU final examination schedule)**

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," and "paper" sections 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. In addition, for those writing a research paper, student achievement will be assessed on the basis that paper. 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.