Office : MBEB 3222 (Adjunct Offices)
Hours : 9:30 - 11:00, TuTh, or by appointment
E-mail : allendalton@boisestate.edu
Webpage: http://cobe.boisestate.edu/allendalton/fall-2014-international-economics/

PREREQUISITES
Admission to COBE or B.A. Economics major or B.A. Economics, Social Studies, Secondary Education Emphasis major or Economics, Social Science, Secondary Education Minor, ECON 201 and ECON 202 (Principles of Macroeconomics and Microeconomics).

UNIVERSITY REQUIRED SYLLABUS STATEMENT:
Disability Accomodation
Students with disabilities needing accommodations to fully participate in this class should contact the Disability Resource Center (DRC). All accommodations MUST be approved through the DRC. Please stop by Administration 114 or call 208-426-1583 to make an appointment with a disability specialist. To learn more about the accommodation process, visit our website at http://drc.boisestate.edu

COBE REQUIRED SYLLABUS STATEMENTS:
Statement of Shared Values
Boise State University upholds the following values as the foundation for a civil and nurturing environment. Campus community members and all who are part of COBE are expected to adhere to the following values:

**Academic Excellence** – engage in our own learning and participate fully in the academic community’s pursuit of knowledge.

**Caring** – show concern for the welfare of others.

**Citizenship** – uphold civic virtues and duties that prescribe how we ought to behave in a self-governing community by obeying laws and policies, volunteering in the community, and staying informed on issues.

**Fairness** – expect equality, impartiality, openness and due process by demonstrating a balanced standard of justice without reference to individual bias.

**Respect** – treat people with dignity regardless of who they are and what they believe. A respectful person is attentive, listens well, treats others with consideration and doesn’t resort to intimidation, coercion or violence to persuade.

**Responsibility** – take charge of our choices and actions by showing accountability and not shifting blame or taking improper credit. We will pursue excellence with diligence, perseverance, and continued improvement.

**Trustworthiness** – demonstrate honesty in our communication and conduct while managing ourselves with integrity and reliability.
TEXT AND STUDY MATERIALS
The required text for this course is Essentials of International Economics, 3rd edition, by Robert C. Feenstra and Alan M. Taylor. You may either buy the softbound copy of the text with Launchpad, or use the online copy that comes with Launchpad.

Launchpad will be the primary means of making class announcements and changes in the course outline, and also is the means by which you will turn in online Problem Sets and Learning Curve assignments, as well as take a portion of both the mid-term and the final exams. You are encouraged to also use the Launchpad site for review.

Additional readings may be assigned during the course and either distributed as handouts or available for download from the course webpage.

Powerpoint slides for some lectures will also be accessible on the net, after they have been presented in class, through the course webpage. The course webpage will also link to other aids for learning. Please note that I do not use Blackboard.

COURSE OBJECTIVE AND OVERVIEW
The primary objective of this course is to apply the “economic way of thinking” to the subjects of international trade and international monetary relations. International economics is an applied theory class – tools students have mastered in principles and intermediate micro and macro classes are applied to analyze international economic behavior. The course covers the reasons for international trade, the effects of international trade, the effects of trade barriers erected by governments, the balance of payments, foreign exchange and exchange-rate determination, the effects of financial globalization, and alternative international monetary systems.
INSTRUCTOR EXPECTATIONS OF STUDENTS
Students are expected to come to class having read the appropriate readings prior to lecture and discussion. Most classes (except those where the experiments will take the entire class period) will begin with the interrogatory: “Are there any questions?” This is the student’s opportunity to ask questions over material previously covered or to raise questions about the material under current discussion, the nature of economics, or other matters related to economic learning. Reviewing the end of chapter questions prior to class will aid your understanding of readings, lectures, and discussions. Students are expected to be prepared to discuss end of chapter questions in class.

Students are expected to conduct themselves in a manner amenable to the learning process, treating one another with respect. Students are encouraged to form study groups among themselves, assist one another in mastering material, and provide one another with missed notes.

If, due to time constraints, we don’t cover some assigned readings in class, that doesn’t mean that you are necessarily excused from knowing the material. The general rule is: if a reading is assigned, you are responsible for knowing it.

Please read the handout on Classroom Conduct and Expectations that appears on the course website.

GRADING
The final course grade will be based upon Launchpad problem sets, Launchpad Learning Curve assignments, two quarterly exams, a mid-term (covering international trade) and a final (covering international macroeconomics), a book review, and participation in classroom experiments:

(1) Twelve highest Problem Sets are worth 300 points;
(2) Learning Curve Assignments are worth 300 points;
(3) Quarterly exams worth 150 points each;
(2) Mid-term exam worth 300 points;
(3) Final exam worth 300 points;
(4) Book review worth 150 points;
(5) Classroom participation worth 150 points.

Total graded points are 1800. The following grading scale will be used:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Points</th>
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<tbody>
<tr>
<td>A+</td>
<td>1737 – 1800</td>
</tr>
<tr>
<td>A</td>
<td>1611 – 1736</td>
</tr>
<tr>
<td>B+</td>
<td>1557 – 1610</td>
</tr>
<tr>
<td>B</td>
<td>1431 – 1556</td>
</tr>
<tr>
<td>C+</td>
<td>1377 – 1430</td>
</tr>
<tr>
<td>C</td>
<td>1251 – 1376</td>
</tr>
<tr>
<td>D</td>
<td>1071 – 1250</td>
</tr>
<tr>
<td>F</td>
<td>0 – 1070</td>
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</tbody>
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PROBLEM SETS
Students will be assigned thirteen (13) problem sets on the Launchpad website; one will be assigned each week of class (excepting exam weeks). The problem set will be posted no later than Thursday midnight of each week, and will be due by the following Monday at
midnight. Each problem set will be worth 25 points. The twelve highest scores will be used to help determine the student’s grade in the class.

LEARNING CURVE ASSIGNMENTS
A Learning Curve assignment will be assigned on the Launchpad website for each chapter of the book covered. Each Learning Curve assignments is “all-or-nothing.” If they are completed the student receives 100%, otherwise the student receives a zero. If the student completes all assigned Learning Curve assignments, s/he will receive 300 points toward the final grade. Students who complete less than all assignments will receive points proportionate to completed assignments (e.g., if 13 Learning Curve are assigned, and 11 completed, the student will receive 11/13 x 300 = 253.8 points).

QUARTERLY EXAMS
There will be two quarterly exams, each worth 150 points. The first quarterly exam is scheduled for September 18 and will cover the first half of the international trade material (roughly chapters 1-4). The second quarterly exam is scheduled for November 13 and will cover the first half of the international macroeconomics material (roughly chapters 10-12).

MID-TERM EXAM
The mid-term exam is worth 300 points. The mid-term exam will cover the entirety of the international trade portion of the class, chapters 1-8 of the Essentials text and associated lectures. The in-class portion of the mid-term is tentatively scheduled for Thursday, October 16. This portion will consist of short answer and essay questions.

The on-line portion will be submitted through Launchpad. It will be a timed assignment, so you should be prepared prior to getting online. This portion will consist of multiple choice and true-false questions. This portion of the mid-term will be due by midnight of the day after the in-class date of the mid-term exam (tentatively, Friday, October 17).

FINAL EXAM
The final exam is worth 300 points. The final exam will cover the international macroeconomics portion of the class, chapters 10-15 of the Essentials text, the MMS text, and associated lectures. The in-class portion of the final is scheduled for the final exam period, Tuesday, December 16, 12 noon – 2 pm. This portion will consist of short answer and essay questions.

The on-line portion will be submitted through Launchpad. It will be a timed assignment, so you should be prepared prior to getting online. This portion will consist of multiple choice and true-false questions. This portion of the final will be due by midnight on Tuesday, December 16.

BOOK REVIEW
The book review is worth 150 points toward your final grade. The review may be over any economics or related book that meets the approval of the instructor. Students should submit the title, author, publisher, and publication date of the book to be reviewed via
email to the instructor no later than midnight **September 25**. The instructor may require
the student to physically present the book proposed for review if there exists a question
as to the appropriateness of the book.

Books are not to be textbooks. The book need not be related to international economics.
Economic classics, biographies of economists, economic history, collections of readings
and modern popular economic books are all examples of books that are appropriate for
this assignment. Some specific examples of books that fit into these categories are listed
at the end of this section. **No more than 3 reviews of the same book will be accepted. If
you have a particular book in mind, submit it as early as possible.**

The review should give evidence that the entire book has been read. The review should
address the major idea(s) of the book and the review should conclude with the student’s
own evaluation and recommendation concerning the book, with supporting reasoning.
Also see the guidelines for grading I use on term papers at the course website -
**Guidelines for Term Paper Grading.**

The review is to be double-spaced, typed, and in font size no larger than 12. Margins
should be 1” on top, bottom, and both sides. This paper should have a cover page
indicating your name, the title and author of the book; an end-note page; and a
bibliography page; the paper should be eight to ten pages in length (excluding title, end-
ote and bibliography). It is to be submitted as a hard copy and as a word file, mailed to
the instructor’s email address. The review is due **November 20.**

**Examples of Appropriate Books**

**Classics**
Cantillon, *Essay on the Nature of Commerce in General*
Turgot, *Reflections on the Formation and Distribution of Riches*
Smith, *The Wealth of Nations*
Keynes, *The General Theory of Employment, Interest and Money*
Hayek, *Prices and Production*

**Biographies**
Caldwell, *Hayek’s Challenge*
Ebenstein, *Milton Friedman: A Biography*
Skidelsky, *John Maynard Keynes: 1883-1946*

**Economic History and History of Economics**
Milgate & Stimson, *After Adam Smith*
Force, *Self-interest before Adam Smith*
Bernstein, *A Splendid Exchange: How Trade Shaped the World*
Shlaes, *The Forgotten Man: A New History of the Great Depression*
Ferguson, *The Ascent of Money: A Financial History of the World*

**Collections of Readings**
Hayek, *Individualism and Economic Order*
Leijonhufvud, *Information and Coordination*
Popular Economics
Cowen, Discover Your Inner Economist
Frank, The Economic Naturalist
Levitt & Dubner, Freakonomics
Levitt & Dubner, Super Freakonomics
Harford, The Undercover Economist
Harford, The Logic of Life
Landsburg, The Armchair Economist
Landsburg, More Sex is Safer Sex
Ariely, Predictably Irrational
Becker & Posner, Uncommon Sense
McKenzie, Why Popcorn Costs So Much at the Movies
Taleb, The Black Swan
Ormerod, Why Most Things Fail
Ormerod, Butterfly Economics
Lowenstein, When Genius Failed

CLASSROOM PARTICIPATION
Participation in classroom discussion is encouraged and expected. See Getting an “A” in Class Participation on the course website. A portion of the classroom participation grade will be accounted by classroom experiments. These experiments will be listed on the Launchpad outline prior to their conduct.

MAKE-UP POLICY
Since most of the assignments may be turned in electronically, only in cases of extended illness will make-ups be possible for those assignments. Appropriate documentation will be required. Make-ups of the exams will only be granted if the instructor is contacted by email prior to the start of the class period when the exam is held.

SUMMARY OF IMPORTANT DATES
Every Monday @ midnight – Problem Set due
September 18 – 1st Quarterly Exam
September 25 – Submission of Book review title
October 16 – Mid-term Exam (In-class portion)
October 17 – Mid-term Exam (On-line portion); Midnight
November 13 – 2nd Quarterly Exam
November 20 – Book review due
December 16 – Final Exam (In-class portion); Noon – 2 pm
December 16 – Final Exam (On-line portion); Midnight

GENERAL POLICES
(1) There are no extra credit projects.
(2) An incomplete will be allowed for the class only if a 70% or better average is achieved through the second quarterly exam on November 13.
(3) Withdrawal from class is the responsibility of the student.
## COURSE OUTLINE

<table>
<thead>
<tr>
<th>Topic</th>
<th>Text Section/Reading</th>
</tr>
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<tbody>
<tr>
<td><strong>International Trade Section:</strong></td>
<td></td>
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<tr>
<td>The Global Economy</td>
<td>F&amp;T, chapter 1</td>
</tr>
<tr>
<td>Comparative Advantage and the Ricardian Model</td>
<td>F&amp;T, chapter 2</td>
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<tr>
<td>The Specific-Factors Model of Trade</td>
<td>F&amp;T, chapter 3</td>
</tr>
<tr>
<td>The Heckscher-Ohlin Model of Trade</td>
<td>F&amp;T, chapter 4</td>
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<tr>
<td>Immigration and Capital Flows</td>
<td>F&amp;T, chapter 5</td>
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<tr>
<td>Increasing Returns and “Imperfect” Competition</td>
<td>F&amp;T, chapter 6</td>
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<tr>
<td>Trade Barriers and Competitive Markets</td>
<td>F&amp;T, chapter 7</td>
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<tr>
<td>Trade Barriers and “Imperfect” Markets</td>
<td>F&amp;T, chapter 8</td>
</tr>
<tr>
<td><strong>International Macroeconomics Section:</strong></td>
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<tr>
<td>Exchange Rates and the Foreign Exchange Market</td>
<td>F&amp;T, chapter 10</td>
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<tr>
<td>Monetary Approach to Exchange Rates</td>
<td>F&amp;T, chapter 11</td>
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<tr>
<td>Asset Approach to Exchange Rates</td>
<td>F&amp;T, chapter 12</td>
</tr>
<tr>
<td>International Accounting and Balance of Payments</td>
<td>F&amp;T, chapter 13</td>
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<tr>
<td>Short-Run Open Economy Macroeconomics</td>
<td>F&amp;T, chapter 14</td>
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<tr>
<td>International Monetary Experience</td>
<td>F&amp;T, chapter 15</td>
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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

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

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

Comparative advantage and benefits of international trade: Covered explicitly in Feenstra and Taylor, Chapters 2-4. Discussed further in conjunction with other sections of the course material.

Equilibrium terms of trade: Covered explicitly in Feenstra and Taylor, Chapter 2. Discussed further in conjunction with other sections of the course material.

Protectionist policies: Covered explicitly in Feenstra and Taylor, Chapters 7 and 8. Discussed further in conjunction with other sections of the course material.

Trade policies and institutions of the U.S.: Covered explicitly in Feenstra and Taylor, Chapters 7 and 8. Discussed further in conjunction with other sections of the course material.

Trade policies of developing nations: Covered explicitly in Feenstra and Taylor, Chapter 7 and 8. Discussed further in conjunction with other sections of the course material.

Regional trading arrangements: Covered explicitly in Feenstra and Taylor, Chapter 11. Discussed further in conjunction with other sections of the course material.

Multinational enterprises: Covered explicitly in Feenstra and Taylor, Chapter 5. Discussed further in conjunction with other sections of the course material.

Balance of payments: Covered explicitly in Feenstra and Taylor, Chapters 13 and 14. Discussed further in conjunction with other sections of the course material.

Foreign exchange and exchange rate determination: Covered explicitly in Feenstra and Taylor, Chapters 10, 11 and 12. Discussed further in conjunction with other sections of the course material.
**Alternative exchange rate systems:** Covered explicitly in Feenstra and Taylor, Chapters 10 and 15. Discussed further in conjunction with other sections of the course material.

**International economic policy:** Covered in Feenstra and Taylor, Chapters 7, 8, and 15, and extensively in *Money Markets and Sovereignty*. Discussed further in conjunction with other sections of the course material.

**International banking:** Covered explicitly in Feenstra and Taylor, Chapter 10. 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 Feenstra and Taylor text.