
ECON 221

Sections 01&02

Introduction to International Economics

Spring 2018
Section 01 - TTH 1:20pm-2:50pm
Room: Carnegie 107
Section 02 – TTH 9:40am-11:10am
Room: Olin-Rice 150
Instructor: Felix Friedt
E-Mail: ffriedt@macalester.edu
Phone: 651-696-6779
Office: Carnegie 310C
Office Hours: Tuesday 8:00am-9:00am,
Thursday 3:30pm-5:00pm, or by Appointment

Preceptors: Claire Buehler & William Sandy;
E-Mail: cbuehler@macalester.edu ;
wsandy@macalester.edu
Office hour: Sunday, 8-9pm, Carnegie 304
Office hour: Monday, 7-8pm, Carnegie 304

Overview

The purpose of this course is to provide an understanding of the basic principles of INTERNATIONAL TRADE and FINANCE and equip students with an enduring knowledge of devising economic models in an international context. There are multiple specific learning goals for this course. The first goal is to develop the fundamental economic models that explain why countries trade with one another and explore the empirical realities of trade and globalization. The second goal is to discuss how trade costs and government policies influence international trade and how these policies influence national welfare and special interests within a country as well as across countries. Examples of these policies include tariffs, quotas, and free-trade agreements. The third goal of the course pertains to INTERNATIONAL FINANCE and turns from trade in goods to trade in financial instruments. Specifically, the goal is to explain how international financial markets are structured and how currencies across countries relate to one another in foreign exchange markets. Overall the course is designed to familiarize students with issues that arise in open economy settings and provide students with the analytical skills needed to analyze such issues. In addition, we will relate these theories to current world events whenever possible.

Course Outline

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|---------------------------------------|------------------------|
| 1. Part 1: International Trade | Chapters: 1, 2, 3, 4 |
| 2. Part 2: Trade Costs & Trade Policy | Chapters: 8, 9, 10, 11 |
| 3. Part 3: International Finance | Chapters:12-15, 19 |

Moodle

All course materials will be distributed through the Moodle course website, which can be found at <https://moodle.macalester.edu/>. Things that will be posted on Moodle include, but are not limited to, readings, presentation slides, homework assignments, answer keys, and grades. Announcements made email and/or adjustments made in Moodle should be considered modifications to this syllabus.

Office Hour Policy

My office hours are specific times set aside for you. You are welcome to stop in during these hours to ask any questions or discuss any material from the course. If you cannot make my office hours and are uncomfortable just dropping by or would like to make sure I will be in my office, please e-mail me and we can set up an appointment.

Required Text Book

•R. Feenstra & A. Taylor
International Economics. Worth
Publishers. 4th Edition.

Important Dates

February 2nd, 2018

Last day to drop/add/audit

February 22nd, 2018

Midterm #1

March 29th, 2018

Midterm #2

April 16th, 2018

Econ Honors Thesis Day

April 26th, 2018

Term Paper due

Friday, May 4th, 2018

Final Exam – 4:00PM -6:00PM

Learning Outcomes and Goals

The assessment office at Macalester has published 6 specific learning goals that each student should achieve by the time they graduate. This table serves as a reference guide connecting the most important individual learning outcomes of this course to the course learning goals and overarching Macalester learning goals.

Course Learning Outcomes (Students will be able to)	Course Learning Goals (Students will know)	Macalester Learning Goals	
Reproduce the Ricardian, Specific-factors & HO model of international trade	The structure of economic modelling as well as the fundamental models of international trade and their differences	Think Critically and Analyze Effectively	
Understand the underlying assumptions of these theories and their implications			
Interpret and analyze real world data and contrast it to the conclusions based on the traditional theories			
Analyze the gains from trade			
Differentiate the losers and the winners from trade and thereby identify the proponents and opponents of trade policies			
Solve for changes in national welfare between open and closed economies			
Define the main barriers to trade and various policy instruments	The role and implications of international trade policy in shaping the barriers to trade and overall national welfare	Think Critically and Analyze Effectively	
Evaluate the effects of trade policy & compare policy outcomes across various alternatives			
Judge the efficiencies of trade policies as well as the their ethical implications			
Examine cross rates and arbitrage opportunities in the FOREX market	The short-run and long-run determination of foreign exchange rates and potential policy instruments		Think Critically and Analyze Effectively
Solve for spot and forward/expected exchange rates both in the long-run and in the short-run			
Describe the current international financial system as well as its historical development	The historical development and current system of international finance		
Define various FOREX markets and illustrate their purpose			
Access raw data on international trade & finance	How to obtain and summarize key economic data	Communicate Effectively	
Arrange and represent these data in a meaningful way			
Create a summary based on these data that applies to a current event			

Evaluation

Exams: This course will have three exams, two midterms and a final. The final will be cumulative. The dates for the exams are:

Midterm #1:	Thursday, February 22 nd (in class)
Midterm #2:	Thursday, March 29 th (in class)
Final:	Friday, May 4 th at 4:00pm-6:00pm

Please note that **no make-up exams will be given**. If any exam is missed, a type-written petition fully explaining and documenting the reason for missing the exam must be submitted to me within one week of the scheduled midterm or by Monday, May 7th for the final. If the petition is approved, the weight of the midterm will be applied to the final exam. A missed final due to an unanticipated emergency will be handled with an incomplete for the course. Petitions will only be approved for extreme extenuating circumstances. If the petition is not approved (or no petition is submitted), a grade of zero will be assigned to the missed exam.

Homework: There will be approximately six lengthy problem sets for this class. The assignments will be uploaded to Moodle and due dates will be announced in class and in Moodle. Assignments are due at the beginning of class on the due date. I reserve the right to grade any number of the homework questions. This policy allows you to have an ample amount of practice exercises with a solution and simultaneously limits the otherwise extensive grading burden. Answer keys will be posted to Moodle. **No late** homework will be accepted unless approved by me before the assignment is due. Your solutions will not be accepted by e-mail unless approved by me before the problem set is due.

Term Paper: For this course you are required to write short term paper. The purpose of this paper is to expose you to some of the extensive data on international trade. You will be asked to obtain the data from one of the primary sources, organize the data through a software of your choice (preferred STATA or Excel) and represent as well as summarize the data in a meaningful way (summary statistics, graphs, description etc.). I strongly believe that this kind of data work is an essential skill for economists, in general and international economists, in particular, that will serve you beyond the scope of this course. The specifics of the paper, my expectations and helpful resources will be explained in class and on Moodle.

Grades: Your final course grade will be determined as follows:

Homework (6, 3% each)	18%
Term Paper	12%
Midterm #1	20%
Midterm #2	20%
Final	30%

Note that attendance is not required. However, students will be responsible for all of the material in the assigned chapters, additional readings as well as all of the material covered in class. The textbook should not be considered a substitute for attending class; **I will post my presentation slides to Moodle. However, the slides will not contain everything we cover in class. You should think of the slides as an outline to the course material.** Those who choose not to attend class will find it difficult to succeed in this course. **Note:** You will not be quizzed on the pre-class readings but **I expect each student to have completed the assigned reading in order to contribute to the in-class discussions and exercises.**

Grade Appeals: Any requests for re-grading an exam must be submitted in writing within one week of when the exam was available for pick-up. If you do not pick up your exam when it is handed back, you still must submit your request within a week of when the test was originally handed back. A re-grading request should include an argument for why you feel your answer was correct. I reserve the right to re-grade the entire exam when a request to re-grade any part of the exam is made.

Academic Integrity Policy

“Students are expected to maintain the highest standards of honesty in their college work; violations of academic integrity are serious offenses.” (Academic Policies, Macalester College) Any violations of the academic integrity policy will result in a failing

grade for the assignment, paper or exam. Furthermore, a complaint will be filed with the Director of Academic Programs. **Cheating of any form will not be tolerated.**

Exams: All exams will be closed-note and closed-book. Students will be permitted to have a pen or pencil, ruler or straightedge, and a non-programmable calculator on their desk during the exam. Under no circumstances will students be allowed to use a cell phone during the exam, including as a calculator. The use of any other assistance or sources of information is prohibited and will be considered cheating.

Homework: Students are allowed and encouraged to work together on homework assignments. However, each student must hand in **their own work** separately. Simply changing the name on a typed up homework assignment will not be accepted. As a general rule, I should not be able to tell who you worked with when you turn in your homework.

Students with Disabilities

I am committed to supporting the learning of all students in my class. If you are encountering barriers to your learning that I can mitigate, please bring them to my attention. If you need disability related accommodations please contact the Director of Disability Services, Allie Quinn, coordinates services for any student in need of accommodations. You may schedule an appointment by calling the Disability Services Office, 651-696-6874.

Tentative Schedule

Below is a **tentative** schedule of topics and readings that we will cover in lecture as well as anticipated homework due dates. The schedule indicates the subject of the class as well as the assigned chapters. Please refer to Moodle for additional reading materials. Please view this schedule as a **flexible timeline**, as it is subject to change given the pace of the class. The only **invariable pieces are exams. The exams are set**, barring extraordinary circumstances. I will likely assign supplementary readings as the class progresses. All changes will be announced in class and posted on Moodle.

Date	Tuesdays	Date	Thursdays
01/16	No Class	01/18	Introduction & Facts about Trade <i>Readings: Syllabus & Ch. 1</i>
01/23	Facts about Trade <i>Readings: Chapter 1</i>	01/25	Model Toolkit <i>Readings: Varian (2016)</i>
01/30	Model Toolkit <i>Readings:</i>	02/01	The Ricardian Model <i>Readings: Chapter 2</i> <i>Paper Check-in #1</i>
02/06	The Ricardian Model <i>Readings: Chapter 2</i>	02/08	Specific-Factors Model <i>Readings: Chapter 3</i> <i>HW #1 Due</i>
02/13	Specific-Factors Model <i>Readings: Chapter 3</i>	02/15	Heckscher-Ohlin Model <i>Readings: Chapter 4</i> <i>Paper Check-in #2</i>
02/20	Heckscher-Ohlin Model <i>Readings: Chapter 4</i> <i>HW #2 due</i>	02/22	Midterm #1
02/27	Import Tariffs under perf. Competition <i>Readings: Ch. 8 (241-272), AvW (2004)</i>	03/01	Import Tariffs under perf. & imperf. Competition <i>Readings: Chapter 9 (285-300), Current policy articles</i> <i>Paper Check-in #3</i>
03/06	Quotas & Nontariff Barriers <i>Readings: Ch. 8 (270-280)</i>	03/08	Quotas & Dumping <i>Readings: Ch. 9 (300-326)</i> <i>HW #3 due</i>
03/13	Spring Break	03/15	Spring Break

03/20	Trade Policy History & Current Practice <i>Readings: Ch. 8 (243-246)</i>	03/22	International Agreements <i>Readings: Chapter 11</i>
03/27	International Agreements & Transportation <i>Readings: Chapter 11, Articles HW #4 due</i>	03/29	Midterm #2
04/03	Global Macroeconomy <i>Readings: Chapter 12</i>	04/05	Forex Market <i>Readings: Chapter 13 Paper: Check-in #4</i>
04/10	Forex Market <i>Readings: Chapter 13</i>	04/12	Foreign Exchange Rates in the Long-Run <i>Readings: Chapter 14</i>
04/17	Foreign Exchange Rates in the Long-Run <i>Readings: Chapter 14 HW #5 due</i>	04/19	Foreign Exchange Rates in the Short-Run <i>Readings: Chapter 15</i>
04/24	Foreign Exchange Rates in the Short-Run <i>Readings: Chapter 15</i>	04/26	IMS – History & Current Practice <i>Readings: Ch. 19 HW #6 due Term Paper due</i>
			Friday, 05/04, 4:00pm-6:00pm Final Exam, Room: CARN 06A