

Economics 221: Introduction to International Economics

Macalester College
Department of Economics
Fall 2007
MWF 1:10-2:10 p.m.

Professor Raymond Robertson

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Course Description: As the title suggests, this class introduces international economics. We cover both international trade (micro) and international finance (macro). We will discuss the history of theory and policy and develop tools needed to critically evaluate international events and policies. The goal of this class is that you, the student, be able to understand international economics enough to be able to approach policy decisions with the tools necessary to make good decisions.

Preceptor: Cassie Warren (cwarren@macalester.edu). Office hours will be announced in class.

Course Text: The World Economy: Trade and Finance, Yarbrough and Yarbrough, The Dryden Press, latest edition. Occasional handouts and web sites will supplement the text. Earlier editions of Yarbrough and Yarbrough are OK. The syllabus is based on the 7th edition, so if you are using an earlier edition, compare the editions so that you read the right stuff.

Grading: There are three (3) exams, six (6) homeworks, and one (1) paper. **Each homework** is worth **3%** of your total grade (18% for all six homeworks). The **first exam** is worth **18%**. The **second exam** is worth **21%** and the **third exam** is worth **24%**. Note that the **third exam** is the final exam. The third exam (the final) is cumulative. The **paper** is worth **19%**, including all stages (explained below). Grades are as objective as possible and are relative to the rest of the class. All six homeworks are posted on the MOODLE page and at <http://www.macalester.edu/courses/econ221/index.html>. You may begin whenever you wish. Please note the days that homeworks are due and plan accordingly. Homeworks are due at the beginning of the class period on the day indicated on this syllabus. Homeworks turned in after the beginning of class on the day indicated on the syllabus lose 10% for each hour they are late. You may, and should, work with other students in this class, but you may NOT submit a copy of another student's homework and expect to get credit. You must write up your own answers.

Homework Option: You can receive 10% credit on any homework by cutting out a newspaper article related to issues discussed in class and writing a short analysis (1/2 to 1 page) of how the article relates to class. You may turn in 1 article per homework and the article and analysis must be turned in at the same time as the homework. Your score cannot exceed 100%.

Paper: You are to examine a specific application of international economics of your choice. Examples include finding a real-life application of trade theory, "testing" a trade theory, studying the flow of factors or goods, exchange rates in developing countries, and so on. The paper should include the following sections: introduction, literature, theory, summary statistics, analysis, and conclusions. The paper should be no longer than 18 pages (including maps, tables, references, and/or appendices) and the body of text should have no less than 2500 words. Papers should be double-spaced, have 1-inch margins, and use 12 pt size font. All style rules apply (spelling, page numbers, grammar, etc.). Papers not adhering to these style guidelines lose 5% for each difference. Papers are due at the beginning of the last day of class. **NO LATE PAPERS WILL BE ACCEPTED FOR ANY REASON**, including hardware and software malfunction. Please plan accordingly, accounting for the probability of equipment failure.

Parts of the paper are due during the semester. The final paper is worth 100 points, which includes 10 points for every part turned in by the deadline noted on the syllabus (Lit Review, Theory, Draft). **Comments** on a peer's paper are worth 20 points of your paper score. The final 50 points are for your final paper. More details will be given in class.

Cheating: Don't even THINK of cheating in this class. "Cheating" includes every possible definition of academic dishonesty, including, but obviously not limited to, submitting work you did not do yourself. If you feel the need to cheat, come see me in advance and I will try to find other ways to help you succeed in this class. If I catch you cheating, I will give you a very mean look. If I can prove you are cheating (which is almost always very very easy), I will devote considerable amounts of time to get you removed from Macalester. Even if you do not get expelled, I can promise you months and months of misery. Just say NO.

Holidays and Missed Exams: The class itinerary is included with this syllabus. Please check it now for any conflicting religious holidays. If you have a conflict, you must see me at least one week in advance to get an excused absence. The **ONLY** other legitimate excuse for a missed exam is a verifiable medical emergency. No make-up exams will be given that are not scheduled at least one week before the scheduled exam time. In the event of an excused missed exam, the average of the other two exams will serve as the grade of the missed exam.

Tips for Success: People who miss class get lower grades because I make exams from my lectures and not the textbook. Therefore, it is an excellent idea to never miss class. Homeworks are generally long, and therefore starting early and working on a section each day will prevent cramming pains and will also help you prepare for class. Readings are all listed and should be read **BEFORE** class. Read actively and write down questions. Visit me and/or the TA to make sure you are clear on ideas presented in class. Problems at the end of each chapter are often very relevant and helpful: practice these to prepare for exams. Check your email at least twice each week.

Compliance with Section 504 of the Rehabilitation Act of 1973: Students who may need special consideration because of any sort of disability should make an appointment to see me. Please anticipate problems and talk to me well before exams.

Date		Topic	Readings	Events
5-Sep	Wed	Introduction/Principles Review		
7-Sep	Fri	Fun Facts about International Trade	1	
		Production, Preferences, and		
		Assumptions	2:1-5	
10-Sep	Mon			
12-Sep	Wed	Ricardian Model	2: 6-7	Topic Idea Due
14-Sep	Fri	World PPF and Wages	2:A	
17-Sep	Mon	Neoclassical Model	3:1-3	HW1 DUE
19-Sep	Wed	Classical Comparative Advantage	3:4	
21-Sep	Fri	Supply and Demand Model	2:8	
24-Sep	Mon	Offer Curves	3:B	Topic Proposal Due
26-Sep	Wed	Stolper Samuelson/FPE	4:1-3, H1	
28-Sep	Fri	Specific Factors Model	4:4	
1-Oct	Mon	Winners and Losers	4:5	HW2 DUE
3-Oct	Wed	Why Countries Trade	1-4	Review
5-Oct	Fri	Exam 1	1-4	EXAM 1
8-Oct	Mon	Testing Trade Theory/IIT	5:1-5	
10-Oct	Wed	Export Processing Zones	H2	Lit Review Due
12-Oct	Fri	New Comparative Advantage	5:6-10	
15-Oct	Mon	Distance	H3	
17-Oct	Wed	Tariffs: Small Country	6:1-4	
19-Oct	Fri	Tariffs: Large Country	6:5	
22-Oct	Mon	Quotas	7:1-4	
24-Oct	Wed	New Trade Instruments	7:5-8	HW3 DUE
26-Oct	Fri	FALL BREAK!!!		
29-Oct	Mon	History of Trade Policy	9	
31-Oct	Wed	Why Block Trade	8	Theory/Sum Stat DUE
2-Nov	Fri	Rybczynski Theorem	10: 1-3	
5-Nov	Mon	Factor Mobility	10:4	
7-Nov	Wed	Trade and Growth	11 & H4	
9-Nov	Fri	Globalization and Working Conditions	11 & H5	HW 4 DUE
12-Nov	Mon	Review	5-11	
14-Nov	Wed	EXAM 2		EXAM 2
16-Nov	Fri	Exchange Rates I	12:1-4	
19-Nov	Mon	Exchange Rates II	12:5-9	
21-Nov	Wed	Purchasing Power Parity	18:3,5	
23-Nov	Fri	THANKSGIVING		
26-Nov	Mon	Balance of Payments	13	HW5 DUE
28-Nov	Wed	The IS Curve	14:1-4	
30-Nov	Fri	The IS Curve	14:5-8	Drafts Due
3-Dec	Mon	The LM Curve	15:1-3	
5-Dec	Wed	The BP Curve and Equilibrium	15:4-7	
7-Dec	Fri	Fixed Exchange Rates	16	Review Due
10-Dec	Mon	Flexible Exchange Rates	17	
12-Dec	Wed	Long-run Equilibrium	19	HW6 Due
14-Dec	Fri	Review	12-19	PAPER DUE
	TBA	Final Exam: CUMULATIVE		FINAL EXAM

Notes: The H* represent outside readings that are either available on the Moodle page, the course web page, or handed out in class. All CASE STUDIES are included in the readings and are testable material.