



Course Syllabus for **International Economics**
ECON 3500-070 * Spring 2016
Meeting times and location: Tuesdays 6pm – 9pm, Sandy 109

Mikidadu Mohammed
Instructor
Economics Department
The University of Utah

Office hours: by appointment
OSH 213
Email: mikidadu.mohammed@utah.edu

Course Description:

This course is intended to provide students with an analytical framework necessary to understand how events in the world economy affect national economies and how events in national economies affects the world economy. The analysis will focus on concepts in international trade and international financial markets and their impact on national economies' growth and stability with applications drawn from the real world.

The course begins with an overview of international economics and trends in the world economy. We then study the theories/models of international trade that economists use to show how countries may gain from opening up their borders to trade in goods and services. We do so keeping in mind that in reality, gains from trade depends on a variety of factors and that, it is not always true that trade can be beneficial to countries, especially for developing ones. Exchange rate determination and Balance of Payments (BOP) will open up our discussion of the finance aspect of international trade. Here we also analyze the evolution of global external imbalances. Finally, we examine the role of financial markets in the global economy stressing the need for a new design of the international financial system. Policy issues will be discussed throughout the semester with special emphasis on trade and monetary policies and their implications.

Prerequisite: ECON 2010 and ECON 2020 (or ECON 1010 and instructor's consent).

Course Objectives:

At the completion of this course, students are expected to:

- (1) be able to explain how the world economy works using the theories/models of international trade,
- (2) comprehend the limitations of the theories/models of international trade,
- (3) recognize the crucial role the choice of exchange rate system and its impacts on a country's external balance,
- (4) understand the evolution of international monetary system and the need for reforms, and
- (5) be able to analyze the implications of trade and monetary policies on the world economy.

Course Material:

Required Textbook

International Economics: Theory and Policy, 10th edition by Krugman, Obstfeld, and Melitz. The textbook can be purchased from the university bookstore. A copy is on reserve at the Marriot Library for limited use. An older edition may work as well with certain adjustments. There are hardly any differences between the 9th and the 10th edition of the textbook regarding contents except the switching of Chapter 20 and Chapter 21 from the earlier order.

Optional Book

"The World is Flat: A Brief History of the Twenty-First Century" by Thomas L. Friedman. New York: Picador/Farrar, Straus and Giroux

Other materials

Issues on international economics show up in daily news, talk shows and debates among economists, policy makers or elected officials. I encourage you to acquaint yourself with the most up-to-date news on the global economy before every class. The Economist <http://www.economist.com/> is a good place to start. Other useful sources include news outlets such as the Financial Times global economy watch <http://www.ft.com/intl/globaleconomy> and some editorials in the main national newspapers. Blogs that focus on issues related to international economics are also useful. Check out Paul Krugman's blog <http://krugman.blogs.nytimes.com/> or the Economist's blog <http://www.economist.com/latest-updates>. As I find interesting articles and videos, I will post the link on Canvas.

Course Organization:**Grading**

- 5 Take-Home Quizzes (15%)
- 2 Debates (10%)
- 2 Group Presentations (10%)
- 1 in-class Midterm Exam (30%)
- 1 in-class Final Exam (35%).

Grades will follow an absolute scale according to the university's requirements: [in %] 93+ A, 90-92 A-, 86-89 B+, 82-85 B, 79-81 B-, 76-78 C+, 73-75 C, 70-72 C-, 67-69 D+, 64-66 D, 60-63 D-, <60 F.

Students who typically do well in the course are those who come to class every day on time and take good notes. Students who usually get lower grades are those who miss classes and/or come late and fail to take good notes. Even if you are able to borrow a classmate's notes, they are not a perfect substitute for you being in class and taking your own notes. Writing out problems and notes in class reinforces the concepts discussed and will help you do better on the quizzes, assignments, and exams and most importantly enrich your understanding of International Economics.

Late assignments and make-up exam policy:

All quizzes and assignments will be posted on canvas unless otherwise stated. The system will be set up such that no answers can be submitted after the deadline. In other words no late quizzes and assignments will be accepted. In terms of make-up exams, you will have to give me at least 4 weeks' notice otherwise no make-up exam will be available. In case of family or personal medical emergency you will need to provide a note from a physician/hospital which will be checked by the department.

Americans with Disabilities Act (ADA) Statement:

The University of Utah seeks to provide equal access to its programs, services, and activities for people with disabilities. If you will need accommodations in the class, reasonable prior notice needs to be given to the Center for Disability Services (CDS), 162 Olpin Union Building, 581-5020 (V/TDD). CDS will work with you and me to make arrangements for accommodations. All information in this course can be made available in alternative format with prior notification to the Center for Disability Services. www.hr.utah.edu/oeo/ada/guide/faculty/

Course Policy:

According to the Student Code, spelled out in the Student Handbook, all students are expected to maintain professional behavior in the classroom setting. Students have specific rights in the classroom as detailed in Article III of the Code. The Code also specifies proscribed conduct (Article XI) that involves cheating on tests, plagiarism, and/or collusion, as well as fraud, theft, etc. Students should read the Code carefully and know they are responsible for the content. Academic dishonesty (cheating, plagiarism, etc) or disruptive behavior in the classroom will not be tolerated and might lead to expulsion, failure of the course and other possible penalties. According to Faculty Rules and Regulations, it is the faculty responsibility to enforce responsible classroom behaviors. As such, any behavior judged by the instructor as disrespectful or inappropriate for the class environment would lead to a disciplinary action beginning with verbal warning and progressing to dismissal from class and a failing grade. Students have the right to appeal such action to the Student Behavior Committee. In enforcing responsible classroom behaviors, my goal is to foster a positive learning environment for all of you to excel.

Tentative Course Outline

Week	Class	Topic	Readings	Quizzes & Assignments
1	Jan 12	Introduction, Overview of World Economy Multinationals/Offshoring/Outsourcing	Ch 1, 2 TBA	Debate 1: Assigned
2	Jan 19	Offshoring/Outsourcing Debate The Ricardian Model	Ch 3	
3	Jan 26	The Ricardian Model Specific Factors Model	Ch 3 Ch 4	Quiz 1, due Jan 28
4	Feb 2	Specific Factors Model Heckscher-Ohlin Model	Ch 4 Ch 5	Quiz 2, due Feb 4
5	Feb 9	Heckscher-Ohlin Model Standard Trade Model	Ch 5 Ch 6	Quiz 3, due Feb 11
6	Feb 16	Standard Trade Model Gains from Trade, Pattern of Trade, and Imperfect World Markets	Ch 6 Ch7	Group Presentation 1: Assigned
7	Feb 23	Group Presentation 1: America in The Flat World Trade Policies & The Economic Impact of International Trade Midterm Exam Review	Ch 9, 10	
8	Mar 1	<i>Midterm Exam (Tuesday March 1, 2016; 6pm – 9pm)</i>		
9	Mar 8	Exchange Rate Determination Foreign Exchange Markets	Ch 14 Ch 14	
10	Mar 15	*** Spring Break*** *** Spring Break***		
11	Mar 22	Money, Interest Rates, and Exchange Rates Output and Exchange Rate in the Long Run Fixed Exchange Rates and Foreign Exchange Intervention	Ch 15 Ch 17 Ch 18	Group Presentation 2: Assigned
12	Mar 29	Group Presentation 2: Recommend an Exchange Rate System for Selected Countries. Purchasing Power Parity (PPP)	Ch 16	Quiz 4, Mar 31
13	Apr 5	National Income Accounting National Income Accounting The Balance of Payments (BOP) International Monetary Systems Global Imbalances: US-China Debate	Ch13 Ch 13 Ch 19 TBA	Quiz 5, due Apr 7
14	Apr 12	Financial Globalization Developing Countries: Growth, Crisis, and Reform Trade Policies in Developing Countries	Ch 20 Ch 22 Ch 11	Debate 2: Assigned
15	Apr 19	ISI versus EOI Debate Optimum Currency Areas & The European Experience: EU & The Euro	Ch 21	
16	Apr 26	The EU/Greek Crisis Wrap-up & Review for Final	TBA	
17	May 3	<i>Final Exam (Tuesday, May 3, 2016; 6pm – 9pm)</i>		

The instructor reserves the right to make adjustments to this syllabus. Any change will be notified at least one week in advance. But it is your responsibility to stay informed if you do not attend all the classes.