Sample Syllabus for Econ 180 Survey of International Economics
(Please note that additional readings are typically assigned)

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Grading:
Class participation: 10%
On-line quizzes: 16%
Midterm: 30%
Final: 44%

Economics 180 is a one semester international economics course that covers the basic concepts of international trade and international finance. Students are presumed to have current knowledge of microeconomics and macroeconomics at a principles level.

The course is divided into two sections. The first half (lasting roughly seven weeks) will focus on international trade topics. These include the effects of trade on an economy, the economic consequences of protectionism and the institutional and legal structures of international trade in goods and services. The second half of the course (lasting for the balance of the semester) will involve international financial issues. These include the determination of exchange rates, international capital flows, balance of payments accounts and fixed versus flexible exchange rate regimes.

An in-class midterm will take place on Thursday, October 19th. The date for a comprehensive final exam will be announced later.

Makeup exams will be given only with prior approval. Students who do not show up for exams without prior approval or without documentation of inability to appear will be given a zero for the assignment.

Please note that this course is primarily designed for Elliott School undergraduate students seeking to satisfy their international economics requirement, though other students are certainly welcome. Economics majors should note that only two of the following courses can be counted towards the 100-level economics course requirements (Econ 180, 181, and 182).

Students should also be aware that academic integrity is a serious issue for this class. Infractions will be treated severely.
Lecture 1  Introduction/Ricardian model       HM Ch. 1 and 2
This lecture introduces international trade and Ricardian model. The Ricardian model focuses on differences in technology across countries (and the resulting differences in labor productivity) as a source of mutually beneficial trade across countries.
Items to review before class:
1) production possibilites frontier
2) opportunity cost
3) supply and demand curves

Lecture 2 Ricardian model (continued)      HM Ch 3
We will continue the discussion about the gains from trade in the Ricardian model. Read the article on "fair trade" coffee.

Lecture 3 Neoclassical model       HM Ch 4
These lecture introduces a more "realistic" model. The neoclassical model has more than one inputs; in the version that we will use, labor and capital are used.

Items for review before class:
1) marginal productivity of labor (MPL) and marginal productivity of capital (MPK)
2) diminishing marginal productivity
3) PPF concave to the origin (see pages 34-37 of HM)

Lecture 4 Neoclassical model continued
* Determination of world prices
* Small country
* Large country

Lecture 5 Income effects of trade       HM Ch 4 (pp. 103-107)
This lecture focuses on the effect of trade on the distribution of income. We will see that trade generally will cause the income of some to rise and the income of others to fall. However, overall national income will be higher with trade.

Lecture 6 Basic analysis of tariffs:       HM Ch 6
We will analyze the impact of tariffs on a domestic economy. This will include the analysis of a small country (i.e., one that cannot affect the world price of its imported good) imposing a tariff and a similar analysis for a large country (i.e., one that can affect the world price)

IMPORTANT ITEMS FOR REVIEW:
1) supply curves
2) marginal cost
3) producer surplus
4) demand curve
5) marginal benefit of consumption
6) consumer surplus

Lecture 7 Tariff analysis (continued)

Lecture 8 Non-tariff barriers and export policies HM Ch 7 (pp. 181-195)
In this lecture, we will look at the effect of quotas (i.e., restricting the quantity of imports) on the domestic economy as well as export taxes and export subsidies. For that we will use the information about sugar quotas.

We will also look at the effects of export taxes.
Lecture 9 Arguments for trade intervention HM Ch 7 (pp. 195-199)
Market failures
  * Externalities
  * Infant industry argument
Ranking possible policies

Lecture 10 WTO system HM Ch 8
US trade policy history, institutions, and policy are discussed. We will also look at the WTO as an institution.

Lecture 11
Free Trade Agreements: Supporters and critics
  * WTO treatment
  * US approaches in new agreements
    o Labor standards
    o Environmental standards
    o "Race to the bottom"

October 19th---MIDTERM

Lecture 12 Balance of payments accounting HM Ch 11 and 12

Lecture 13 Foreign exchange market HM Ch 13
Determinants of supply and demand for foreign exchange.
Factors shifting supply and demand curves for foreign exchange
Depreciation and appreciation.

Lecture 14 Fixed exchange rates
  * What actions are needed by governments to do this?
  * What happens to official reserves with fixed exchange rates?

Lecture 15 Exchange rates and bond markets HM Ch 15

Lecture 16 Fiscal and Monetary policy: Keynesian models under fixed and flexible exchange rates
(HM Ch 21)
Skim HM Ch 21---focus on the results and not on the modeling details.

Lecture 17 Fiscal and monetary policy: Neoclassical models under fixed and floating exchange rates
(No specific reading assignment)
Importance of inflation.

Lecture 18 International monetary system HM Ch 19