The theory of economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking, which helps its possessor to draw correct conclusions.

-One must learn by doing the thing; For though you think you know it; You have no certainty until you try.

-Sophocles

The only place where success comes before work is in the dictionary.

-V. Lombardi

COURSE MATERIALS


Recommended: The Economist or some other international news magazing. http://economist.com

Prerequisites: Successful completion (‘C’ or better) of the Principles of Economics sequence (204/206)

GENERAL COURSE OBJECTIVES

1. Students will apply their understanding of economic theory to international problems by
   • Being familiar with the historical underpinning of various trade theory
   • Comprehending the interconnectedness of the world economy
   • Mastering the models used to determine the basis for trade, terms of trade, and gains from trade
   • Realizing the effects of trade restrictions using the trade models.
   • Being aware of how assumptions underlying the trade models limit their use in explaining the “real world”.
   • Making sense of the balance of payments and how it is used to summarize international flows between countries
   • Determining how exchange rates are established and be aware of how they can be manipulated
   • Describing how exchange rates are determined and explain how changes in key variables influence them

2. Students will become familiar with how international issues affect not only national economies, but also the different sectors within an economy. They will
   • Recognize the growing interdependence of the world’s economies
   • Contemplate the role of globalization in shaping economic development over time
• Be aware of the winners and losers from international trade
• Assess the arguments for and against freer trade
• Identify how business is affected by various trade policies
• Understand the implications of the U.S. current account deficits for both the U.S. and the world

3. Students will critically evaluate issues, problems, and arguments relating to international economics. They will
• Explore the political and ideological facets of globalization.
• Assess how current events affect the world economy
• Research the economy of another country and use trade theory to explain its trade patterns.
  Students will work together, learn to delegate tasks, collect and analyze data, and organize material into a coherent report and presentation.
• Develop economic reasoning powers by means of debating different issues pertaining to globalization and current world events via in class discussions and various assignments.

EVALUATION

The primary goal of this course is to provide you with a useful way to understand the world around you, evaluate various decisions and policies, and instill a sense of curiosity and healthy skepticism when navigating your way through life. At the same time however, academic traditions (and rules!) require that your performance is evaluated. Your final grade will be determined in the following manner:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exams (each worth 17%)</td>
<td>51%</td>
</tr>
<tr>
<td>Group Project (including peer evaluations)</td>
<td>20%</td>
</tr>
<tr>
<td>Assignments (problems, writing, etc.)</td>
<td>20%</td>
</tr>
<tr>
<td>Textbook questions</td>
<td>5%</td>
</tr>
<tr>
<td>Participation</td>
<td>4%</td>
</tr>
</tbody>
</table>

Grade determination: Letter grades are based on the following breakdowns of the weighted percentage of point:

90 percent or above   A  -  Superior Achievement on assignments, demonstrating initiative and independent resourcefulness.
80 percent            B  -  Above Average Achievement
68 percent            C  -  Average Achievement
55 percent            D  -  Below Average Achievement
below 50 percent      F  -  Failure to complete assignments or complete them with a marginal level of proficiency.

COURSE INFORMATION

International economics is a senior level economics course that builds on the tools and theories learned in your principles courses. This course heavily emphasizes graphical analysis. You may want to have a Principles book available for reference. Please feel free to come to me, if you are having difficulty. If several want some refreshing of their basic courses, or would like additional assistance with the course material, I will be happy to set up help sessions. Remember two heads are better than one, so establishing study groups early on will be to your advantage.
Exams. There will be three equally weighted exams given in this course. The first covers the basic trade theories, the second covers protectionism, and the third covers international finance. These tests will require you to integrate the material from class and in your readings in a thoughtful and analytical manner. Examinations are not cumulative, but knowledge is.

Assignments. Integrated problem sets are designed to help you learn the mechanics of the theories and explain how they work. They usually require a lot of time and effort to complete; as such, I would recommend working with classmates. You may be given short writing assignments designed to help you apply the material you have been studying in various situations.

End of chapter questions. will be used to guide class lectures and discussion. Some of the problems test your understanding of the chapter reading and challenge you to think about the readings, others are more problem based and will focus on problem solving. Any assigned textbook problems must be completed prior to class. Unless otherwise stated, these problems will not be graded for accuracy, since you are being asked to answer them prior to class discussion. I expect you, though, to make a real effort in answering the questions and I may ask you to present your answers to the class (Be Prepared). I will collect the questions on the date they are due; late assignments will NOT be accepted for any reason. We may or may not go over all of the problems in class, so if you have questions about the problems, it is your responsibility to ask. Some of the problems from your text (assigned or not), or variations of them, may show up on your exams.

Participation and Attendance. Since much of this class will involve working with your classmates, attendance is expected. Attending class, though, does not guarantee you will receive all of the participation points. To make the class more relevant and interesting, you need to be actively involved; this includes asking relevant questions; providing answers to questions, whether the question is from a classmate or me; and entering into class discussions. Please feel free to bring up current event articles for discussion in class. Active discussion makes the course more interesting for all.

Group Project. The group project will involve creating a country report to familiarize yourself with trade in different parts of the world. This will be a group project; you will need to hone your delegating and coordinating skills. You will be asked to provide me with a peer evaluation of each member’s contribution. If a group member is not contributing his/her fair share to the project, it may affect what they receive on the final project (not everyone in the group is guaranteed to earn the same grade.) More will be forthcoming with regards to the specifics of this project.

Course Policies

Make-ups and Late assignments. There will be no make ups for the textbook assignments, although you may drop 2 assignments. Exams cannot be made up unless arrangements are made prior to the exam date. If you miss an exam due to illness, I must receive a message prior to the exam and a written doctor’s excuse must be provided upon your recovery. Other assignments will be penalized by up to 10% for each day it is late (An 10 point assignment that is due on Monday will lose one point if handed in Tuesday, two points on Wednesday, Three on Thursday and so forth. Project due dates are not negotiable by individual groups. Every group will have the same due date or their entire project grade will be penalized by an entire grade for each day it is late (an “A” project due on Wednesday, would receive an “A-“ on Thursday, etc.).
Ademic Honesty Policy. Cheating on exams, plagiarizing, or any other form of academic dishonesty will be dealt with in accordance with the current UWO Student Discipline Code. I reserve the right to assign a grade of “F” for the course should circumstances warrant.

COURSE PREPARATION

• This course is a senior level economics course. This means that you are expected to have a good principles level foundation. If you do not, you will need to plan on spending additional time reviewing the relevant principles concepts.
• Remember most learning takes place outside of class. Expect to spend 2-3 hours outside of class for every one hour in class
• Study with peers. A good way to find out if you know something is to try to explain it to someone else.
• Reading the text and attempting to work the end of chapter problems before class will help. Taking time after class to review notes and rework problems will also help you get a better grasp of this material. Make a list of questions to ask instructor or class mates.
• In preparing for class, it is advisable for you to keep a notebook that will contain notes, comments and questions about the assigned readings. You will then be better prepared to discuss the material in class and respond your classmates’ questions and comments.
• Class assignments are designed to help you learn the mechanics of the theories. Tests will incorporate mechanics, but they will emphasize application and evaluation of the theories.
• Class lectures need to be interactive to be effective. There is always the temptation on the part of any instructor to move too quickly through the material. You are responsible for making sure you are able to grasp the material presented, even if it means asking the instructor to repeat the material.
• Remember I am also a resource, just like your text, the library, the Internet, etc. Feel free to see me whenever you have questions or just want to discuss the material.
• Stop by my office when questions arise. My door is open when I am in my office.
• No laptops, ipads, ipods, cell phones, headsets, etc. allowed during class

Remember, whatever you put into this course determines what you take away from it. The goal is to acquire knowledge and skills that will help you throughout your life, not just pass the course.
Tentative Class Schedule Fall 2011
Coverage and Dates are Subject to Change
EoC – End of Chapter Questions

Unit 1

Sept. 8  AFC 1  The World of International Economics
Sept. 13 AFC 2  Early Trade Theories  1<sup>st</sup> Concept chk  EoC 1 - 5, 9
Sept. 15 AFC 3  Classical World of Ricardo...  2<sup>nd</sup> Concept chk  EoC 4, 6 - 8
Sept. 20 Pugel 3  Why Everybody Trades...  EoC 1 – 3
Sept. 22 Pugel 3  Why Everybody Trades...
Sept. 27 Pugel 4  Trade: Factors of Production  EoC 1 – 3
Sept. 29 Pugel 4 & 5  H –O and Distributional Issues  EoC 1 – 6 (ch. 5)
Oct. 4  Pugel 5  Who Gains and Who Loses
Oct. 6  Comparative Advantage Reading

Exam 1 (Tentatively October 11<sup>th</sup>)

Unit 2

Oct. 11  Pugel 2  Demand and Supply  EoC 1 – 7
Oct. 13  Pugel 2, 8  Basic Theory
Oct. 18  Pugel 8  Analysis of a Tariff  EoC 2 – 4
Oct. 20  Pugel 8, 9  Protectionism
Oct. 25  Pugel 9  Non-tariff Barriers  EoC 1 – 3, 5
Oct. 27  Pugel 9, 10  Non-tariff Barriers
Nov. 1  Pugel 10  Arguments about Protectionism  EoC 2 – 6, 11, 13
Nov. 3  Class  Dumping and Export Subsidies  Handout

Exam 2 (Tentatively November 10<sup>th</sup>)

Unit 3

Nov. 10  Pugel 16  Payments Among Nations  EoC 2 - 4, 7
Nov. 15  Pugel 16  Payments Among Nations
Nov. 17  Pugel 17  Foreign Exchange Market  EoC 1 – 3, 7
Nov. 29  Pugel 17  Foreign Exchange Market/Fixed Rates
Dec. 1  Pugel 18  Forward Rates & Interest Rates  EoC 1, 2, 10
Dec. 6  Pugel 18  International Financial Investment
Dec. 8  Pugel 19  What Determines Exchange Rates?  EoC 1, 2, 6
Dec. 13 Pugel 19  What Determines Exchange Rates?

Exam 3 (December 15<sup>th</sup>)