

Syllabus

ECON 645-International Economics

Department of Economics
Paul College of Business and Economics
University of New Hampshire
Spring, 2019

INSTRUCTOR: Travis Freidman

CLASS TIME: 5:10 pm to 8:00 pm, Wednesdays

CLASS ROOM: Paul College 215

OFFICE HOURS: T & W: 2:00 pm - 3:00 pm Paul 260U, or *by appointment*

OFFICE: Paul College Room 260U

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Course Description

In 2005 writer Thomas Friedman authored *The World is Flat*, where in it he talks about 3rd wave globalization shrinking the distance (both physically and economically) between people dramatically. In the 14 years since this book was published globalization has shaped the world in shocking ways. International trade in goods and services has expanded steadily, since 2006 goods trade was up by 137% (US\$8 trillion to US\$11 trillion) while services increased 165% (US\$2.9 trillion to US\$4.8 trillion) according to the WTO. This is due to declines in shipping and communication costs, reductions in government trade barriers, and the widespread outsourcing of production activities. International trade in financial assets has expanded at a much faster pace than international product trade. While this has helped nations become more prosperous, it does not come without risks - the prime example of which is the global financial crisis of 2007-2008.

This course introduces both the theories of international trade and international finance. The first part of this course deals with the microeconomic issues of international trade, and covers topics such as (i) why countries trade, (ii) how the gains from trade are distributed, and (iii) unpacking the merits for and against free trade. The latter half we'll study the topics of international finance and macroeconomics such as: (1) national income accounting and balance of payments, (2) understanding the idiosyncrasies of exchange rates and foreign exchange market, and (3) the political-economic implication of different exchange rate policies. By the end of this course, the goal is that you will also be able to explain such theory, decompose it, understand its assumptions, and therefore its strengths and weaknesses.

In sum, the goal of this course is not to understand whether country interactions are good or bad. The goal is to highlight what things are good and what things are bad, to guide your thoughts into making your own conclusions, on whether the U.S. would be better off as a closed or as an open economy.

Course Objectives

Textbook

Required Textbook:

The required text for the course is *International Economics* (4th edition), by Robert C. Feenstra and Alan M. Taylor, Worth Publishers. ISBN-13: 9781319061715

Assignments, Testing and Grading

1. *Exams (65%)*. There will be two midterm exams (20% each) and one cumulative final exam (25%). Midterms will be on Tuesdays during the common exam time (12:40pm - 2:00pm). Exam dates are listed on the last page so plan accordingly. No make-up exams will be given unless the follow conditions are met: (1) the student notifies me prior to the time of the exam; (2) the student has legitimate excuse for missing the exam along with sufficient evidence.¹
2. *Homework assignments (20%)*. 14 homework assignments will be given during the semester. The lowest score of these will be dropped at the end of the semester. **Homework assignments are due at the beginning of class and late assignments will not be graded for credit. You will be given a week to complete every homework assignment.**
Collaboration: I encourage you to work on your homework assignments with your classmates. You will learn from each other. However, under no circumstances may one student's homework be copied by another. Please make sure that what you submit reflects your genuine understanding and not merely what a fellow student has told you. To make it clear, you are allowed to discuss homework problem sets with your classmates, but you need to submit INDIVIDUAL answers to the homework problem. If you have any question about this please ask me.
3. *Pre-Class Quizzes (10%)* Since we meet only once a week, it will be imperative that you read these chapters carefully before class. Since we know incentives matter, students will have a pre-class quiz due before each class. It will be administered via Canvas and will be questions based off that weeks chapter. The goal of this assignment is to prepare you for the upcoming lecture. The lowest score will be dropped at the end of the semester.
4. *In-class group work (5%)* In order to facilitate learning the material I will assign problems to be solved in a group during the end class. These are designed to "get your hands dirty" with a concept or tool-set lectured on in class. On some occasions I'll ask you to present what you've worked through to the class so that everyone can benefit from your brilliance!

¹Illness or injury, family emergencies, certain University-approved curricular and extra-curricular activities, and religious holidays can be legitimate reasons to be excused from a scheduled examination. In case of emergencies that prevent a student from giving advanced notice, please inform the instructor as soon as possible.

5. *Extra Credit* In addition to these assignments and exams, students may earn extra credit by participating in class. Each class, students are encouraged to ask questions, and answer questions asked either by me or a fellow student. Debates are strongly encouraged. **NOT ALL QUESTIONS QUALIFY FOR EXTRA CREDIT.** Questions must be about interesting topics discussed in class. Questions that ask me to repeat something I said before, or ask whether a certain topic will be included in an exam, do not count toward extra credit. The more a student participates in class, the more the extra credits they will receive. I will keep track of participation. When you actively participate in **6 different lectures**, I will increase your grade by one mark. For example, if your average gives you a B+, I will increase it to an A-. Note that participating multiple times within the same lecture only adds 1 point to your count, not 2. You are encouraged to keep participating beyond the initial 6, but this **will not** keep increasing your grade.

Classroom Courtesy

You are expected to attend class. Arriving late or leaving early is disruptive to the class and is very inconsiderate to both me and your fellow classmates; therefore, such behavior will not be tolerated. If a special circumstance dictates that you must leave early, please check with me before class and try to sit near a door. Also, **please turn off cell phones and ALL other personal electronic devices before class begins.**

Classroom Inclusivity

The University of New Hampshire is committed to fostering a diverse and inclusive environment. This syllabus incorporates these ideals by referencing the UNH Student Rights, Rules, and Responsibilities Handbook Section 1 (p. 3) and Section 10 (p. 30) for the University's Diversity policy and proper student conduct.

Learning is best done in a community that promotes and recognizes the different backgrounds, perspectives, and life experiences of everyone in class. As such, I will not tolerate any behavior that seeks to marginalize, offend, or discriminate (as defined broadly by the Student Handbook) against anyone in our classroom.

Accommodations for Students with Disabilities

The University is committed to providing students with documented disabilities equal access to all university programs and facilities. If you think you have a disability requiring accommodations, you must register with Disability Services for Students (DSS). Contact DSS at (603) 862-2607 or visit them in 201 Smith Hall. If you have received Accommodation Letters for this course from DSS, please provide me with that information privately so that we can review those accommodations.

Note that you can submit an accommodation letter at **any time**, given the limited space of places to accommodate student needs, the sooner you get it in, the more likely we can get you a Paul based accommodations.

Academic Honesty

Academic Integrity is a core value of the University of New Hampshire. This syllabus incorporates by reference the UNH Student Rights, Rules, and Responsibilities Handbook, available at http://www.unh.edu/sites/default/files/departments/student_life/pdf/rightsandrulesfinal16-17.pdf. Specifically, refer to Section 9 (p. 23-24) for the University's Academic Honesty policy.

There will be zero tolerance of academic dishonesty of any kind and may result in a "F" for the course. Dishonesty includes, but is not limited to: cheating plagiarizing, fabricating information or citations, facilitating acts of academic dishonesty by others, having unauthorized possession of examinations, submitting work of another person or work previously used without informing the instructor, or tampering with academic work of other students. You are welcome to ask me for clarification at any time; ignorance of academic honesty policies is not a valid excuse.

Course Outline

Please note that this is a tentative outline, and it is subject to change. Any changes will be announced in class and posted on Canvas. Further the final date is tentative, the Registrar will put out an official date & room soon.

Week	Date	Topic	Chapter
1	1/23	Intro to Trade Topics World Trade, Basic Concepts, & The Gravity Model	Ch 1 & Ch 6 pg 192-198
2	1/30	Trade and Technology: The Ricardian Model	Ch 2
3	2/6	"	"
4	2/13	Gains and Losses from Trade in Specific Factors Model	Ch 3
5	2/20	The 2x2x2 Heckscher Ohlin Model of Trade	Ch 4 & Ch 5
6	2/27	"	"
7	3/5	Midterm 1	On chapters 2-5
7	3/6	Growth & Trade	Supplemental Material
8	3/13	Spring Break	
9	3/20	Instruments of International Trade Policy	Ch 8
10	3/27	"	"
11	4/3	Intro to International Macro Real & Nominal Exchange Rates	Ch 12 & Ch 13
12	4/10	The National Income & Product Accounts	Ch 16
13	4/16	Midterm 2	On chapters 8, 12, 13, & 16
13	4/17	The Law of One Price & Long Run Exchange Rates	Ch 14
14	4/24	" Exchange Rates and Political Economy	Ch 14 & Ch 19
15	5/1	"	Ch 19
16	5/15	Final Exams	Final 6pm-8pm

Notes on Exams:

MIDTERMS ARE 12:40PM-2PM, TUES IN PAUL G85 &
FINAL EXAM WILL BE FROM 6-8PM ON MAY 15th IN PAUL 215