

Economics 3331: International Economics

Fall 2003

Administrative Information

Professor: Dr. Tisha Emerson

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Lecture: MW, 1:00-4:00pm, HCB 106



Course Outline

Principal Aim of the Course: This course is an introduction to the theory of international trade, the effect of policy interventions such as tariffs and quotas, and economics of international trade agreements. We will discuss theory and policy in the light of world events and apply the knowledge gained to evaluate many of the developments in the world trading arena, including the GATT/WTO, NAFTA and its possible expansion, the EC, US-Japan relations and other issues. Students are responsible for reading the economics, business, international and domestic news pages of a daily newspaper (the *New York Times*, *Los Angeles Times* and the *Wall Street Journal* are particularly recommended) as well as one weekly news magazine (*The Economist*, *Time*, *Newsweek*, *U.S. News and World Report*).

Methodology: The course is methodological in emphasis. We will use both theoretical and empirical approaches to solve problems in class and students will use similar approaches in problem sets and exams.

Learning: To fully gain from the class, good learning techniques are to be adopted. These are regular attendance, continuous reading and frequent practice at applying the theory that you have learned. Good preparation includes studying class notes from the previous period prior to attending class. A premium is placed on logical thinking, to use what you have learned to work through a problem that you may not have seen before; rote memorization is not enough. The following policies regarding assignments, attendance and grading are aimed at promoting good learning, and the most effective use of class time. **These policies are administered without exceptions for individual students. This is to insure that ALL students are treated equally.**

Text: Salvatore's *International Economics* (8th ed, 2003, John Wiley & Sons, Inc.). The University Bookstore has this text in stock. Each student is expected to acquire a copy of the text. The chapters we will be covering will be mentioned in class, and are indicated on the course outline that follows. Please note that simple definitions and concepts will not be covered in class, but you are expected to learn these materials through your reading. This allows more time for explaining more complex concepts and practicing applying theories learned in class to current issues. Students are expected to read the chapters ahead of time and be prepared to discuss them during class time. Make good use of your text, it is a valuable resource!

Blackboard. An additional resource available to students is the class Blackboard site, which can be accessed through the World Wide Web at <http://my.baylor.edu>. Through this site students have 24-hour access to a great deal of information on the class. Items available through the site include but are not limited to the course outline and syllabus, problem sets, and answer keys. Also, through e-mail you have greater access to the professor. E-mailed questions are usually answered within 24 hours as I frequently check my e-mail. Technology is a wonderful thing – make use of this resource!

Daily Quizzes. At the very beginning of each class, we will have a short quiz covering the assigned reading and/or practice problems for that day. The daily reading assignments are listed in the following schedule.

Problem Sets. For each class meeting, work has been assigned, and is indicated on the schedule. These include reading and problems of the sort that can be expected on midterms and the final. Students are required to prepare the assignments, including written answers to problems *in advance* of the class meeting, and must bring the prepared problems to class where they will be collected at the very beginning of the period. *No late assignments will be accepted.* Students are responsible for the full assignment. Assignments are indicated on the schedule that follows. As both group and individual learning provide their own valuable experiences, some of the problem sets will be worked on in groups while others will be completed individually.

Articles. Each student will be responsible for three current international trade event articles. You are to select a news article (from the WSJ, for example) and write a short paragraph explaining the article. Detailed instructions are available on the class Blackboard site.

Presentations. Each student will be responsible for one class presentation on a country of their choosing. Detailed instructions for these presentations are available on the class Blackboard site.

Short Essay. Each student will be responsible for a short essay on a recent trade case for the TED Database (<http://www.american.edu/projects/mandala/TED/ted.htm>). Detailed instructions for these presentations are available on the class Blackboard site.

Exams. The midterm exams will each consist of a mixture of short essay and problem questions as will the final exam. Each midterm will cover the chapters indicated on the schedule below, while the final exam will be cumulative.

Attendance. Students are expected to attend *all* scheduled lectures. Students are expected to be on time for class and stay for the entire period. If your schedule does not allow this, *do not take this class*. Students may not leave early unless permission is granted *before* class starts. No tape recording is allowed for any purpose, because part of good learning includes taking one's own class notes. Furthermore, you should note that the policy of the university requires that students attend at least 75% of all class sessions in order to receive credit for a course. This policy (as all university policies) will be strictly adhered to and thus any student accumulating 8 or more absences will receive a failing grade for the course **regardless** of their performance on homework, exams, and the term paper.

Grading. Grades are based on a final, two midterms, eight problem sets, three articles, one presentation, one short essay, and daily quizzes. No credit is given for "class participation," but the greater one's efforts, the higher is the probability of success in the course. Two midterms (during regularly scheduled classes) and one final exam will be given. *Students are required to submit all problem sets and take all tests. Late problem sets will not be accepted nor will there be make-ups for daily quizzes. If you should miss a test, it will be treated in one of two ways. You may provide written, credible evidence from a professional explaining why you did not show up. An example is a doctor's letter or a police report explaining the circumstances surrounding your absence. You must also provide a phone number for the person who wrote the explanation for me to contact (and I will call). If you satisfactorily meet these conditions, you will receive the average of the scores you earned on the other midterm and on the final exam. Absent written and telephone explanations, you will receive a zero for the midterm. If you were to miss more than one midterm with a legitimate excuse, an incomplete will be issued to you for the course. No matter what the reason, there will be no excuse accepted for missing the final exam; a student missing the final exam will receive a grade of zero.* The final will always be counted and it will be cumulative. There are a total of 500 points possible throughout the semester distributed as follows: final (130), midterm 1 (105), midterm 2 (105), problem sets (10 points each for a total of 80), articles (5 points each for a total of 15), presentation (15), short essay (15), and daily quizzes (35).

Schedule of Topics, Assignments and Exams

Schedule. There are daily quizzes, eight problem sets, three articles, one presentation, one short essay, two midterms, and a final exam scheduled. Daily quizzes will be given each day except for the first day of class and on exam days. The daily quizzes will be over the reading assigned for each day in the schedule below. Each midterm is held in class on the date indicated and the problem sets are due on the indicated dates. The chapter numbers and pages refer to the text: Salvatore's International Economics (8th ed, 2003, John Wiley & Sons, Inc.).

** Please note that this is a tentative schedule and may be adjusted if the progress of the class warrants such a change. If any adjustments are made, these will be announced in class.*

Week by Week

Week 1

10/15 Introduction to Eco 3331 and Exchange Exercise *Chapters 1-2*
Comparative Advantage

Week 2

10/20 Standard Theory of International Trade *Chapter 3*
Problem Set 1 due
10/22 Demand, Supply, Offer Curves, and the Terms of Trade *Chapter 4, pp. 91-98*
Problem Set 2 due

Week 3

10/27 Demand, Supply, Offer Curves, and the Terms of Trade continued *Chapter 4, pp. 98-105*
Review **Article 1 due**
10/29 Presentations **Problem Set 3 due**

Week 4

11/3 **Midterm 1** *Chapters 1-4*
11/5 Factor Endowments and the Heckscher-Ohlin Theory *Chapter 5, pp. 119-128*

Week 5

11/10 Factor Endowments and the Heckscher-Ohlin Theory continued *Chapter 5, pp. 128- 151*
Economies of Scale, Imperfect Competition and Trade **Article 2 due**
11/12 Economies of Scale, Imperfect Competition and Trade continued *Chapter 6*
Problem Set 4 due

Week 6

11/17 Economic Growth and Trade *Chapter 7*
Problem Set 5 due
11/19 Review **Problem Set 6 due**

Week 7

11/24 **Midterm 2** *Chapters 5-7*
11/26 *Thanksgiving Break*

Week 8

12/1 Tariffs *Chapter 8*
Short Essay due
12/3 Non-tariff Trade Barriers and the New Protectionism *Chapter 9*
Problem Set 7 due

Week 9

12/8 Review **Problem Set 8 due**
Article 3 due

Week 10

12/12 **Final Exam** *Chapters 1-9*