

Economics 180:
Survey of International Economics
Fall 2009
M,W 10:00 – 11:15 am

Instructor: Mina Kim
E-mail: minakim@mkecon.com
Web: <http://www.mkecon.com/econ180>
Office Hours: By appointment.
No class: Sept 7, 14, 16, Nov 9, 11
Make-up classes: Oct 17, Dec 8

Text:

International Economics 8th ed. By Steven Husted and Michael Melvin. Addison-Wesley Pubs. (previous editions are fine)

Course Description:

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.

The objective of the course is to become and remain informed about issues related to international economics and, even more importantly, acquire the ability to think about complex issues in a logical objective manner.

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).

Grading/Exams:

Grades will be largely determined by two non-cumulative in-class exams and a comprehensive final. You will be given problem sets that will be instrumental in your preparation for exams.

Exams will be given in class only on the days announced. No make-up exams will be given. If you miss an exam, then the weight of your final will be increased. If you need accommodations for religious reasons, then please notify me during the first week of the semester.

Students should also be aware that academic integrity is a serious issue for this class. Cheating or participating in cheating on any exam will result in an F for this class.

Specifically, grades will be determined as follows:

Exam I	25%
Exam II	30%
Participation	5%
Final Exam	40%

There will be no individual extra credit, no individual rounding up, and no end of the semester pleas heard.

Course Outline:

This is an aggressive outline and it is very likely that adjustment will need to be made.

I. Introduction/Review

II. General Equilibrium Modeling – Ch 1,2

Items to review before class:

- 1) production possibilities frontier
- 2) opportunity cost
- 3) supply and demand curves

III. Ricardian Model and Comparative Advantage – Ch 3

IV. Resources and Trade: Heckscher-Ohlin Model – Ch 4,5

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)

V. Specific Factors Model – Ch 4 appendix

Exam I

VI. Tariffs – Ch 6

Items to review before class:

- 1) supply curves
- 2) marginal cost
- 3) producer surplus
- 4) demand curve
- 5) marginal benefit of consumption
- 6) consumer surplus

VII. Non-tariff Barriers and Export Policies – Ch 7

VII. WTO – Ch 8

VIII. Preferential Trade Agreements – Ch 9

IX. Trade and Growth – Ch 10

Exam II

X. Balance of Payments – Ch 11,12

XI. The Foreign Exchange Market – Ch 13

XII. Money, Interest Rates, and Exchange Rates– Ch 15

XIII. Fixed Exchange Rates and Foreign Exchange Intervention

XIV. Fiscal and Monetary policy: Keynesian models – Ch 21

XV. Fiscal and monetary policy: Neoclassical models

XVI. International monetary system – Ch 19

FINAL EXAM