

## ECON 372 – INTERNATIONAL ECONOMICS (Section 1)

Class Term: Spring 2018  
Class Time: Mon and Wed 5:30-6:45  
Class Number: 3780  
Class Location: SS/PA 106

Instructor: Steven Yamarik  
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**Prerequisites:** *Students must have taken a Macroeconomics & Microeconomics or Fundamentals of Economics class to register in this course.*

**Required Text:** Gerber, James, 2014, *International Economics*, 6th edition, Pearson Education. You may buy either the Student Value Edition (ISBN-10: 0132950146) or the Hardcover Edition (ISBN-10: 0132948915).

### **Course Description:**

We first address the question: Why do countries voluntarily trade with each other? We then examine the impact of and motivation for trade policy. We will then turn our attention to foreign exchange markets and the determination of exchange rates. We then finish with an examination of currency and financial crisis with your development of a research poster in groups of four students.

### **Course Objectives:**

The primary objective of this course is to apply the “economic way of thinking” to topics of international trade, factor flows, trade policy, exchange rates and monetary relations. The course is a 300-level course designed for majors and non-majors alike. We cover a wide range of topics from Adam Smith to the current debate on NAFTA using the economic tools of opportunity cost, production possibilities, profit maximization, supply and demand and arbitrage. As such, the coverage will be more topical than the theory courses (EC 310 and 311) but more rigorous than the Principles courses (EC 100 and 101).

### **Course Format:**

This section of International Economics will be taught using a traditional lecture format. Under a lecture format, you the student will read the required readings *before* each class meetings. In class, I will present the material using chalk and talk and PowerPoint lectures and you will often work out written problems in class.

### **Course Expectations:**

There are five important keys for success in this course.

1. *You must regularly access the course page at Beachboard.*
2. *You must set aside 8-10 hours per week outside class.*
3. *You must attend class.*
4. *You must complete the homework assignments using Word and upload the documents to Beachboard by the due date.*
5. *You must help prepare the research poster and participate in the presentation.*

## **Grading Policy:**

The final numeric grade for the course is calculated using the following weights.

Attendance and Participation	10%
Research Poster and Presentation	15%
Homework Assignments	20%
Midterm Exam	25%
Final Exam	30%

Your final letter grade for the course will be determined by applying the following scale:

90-100 = A, 80-89 = B, 70-79 = C, 60-69 = D, 0-59 = F

## **Examinations:**

There is one midterm exam and a final exam in this class. All exams are a combination of short answer, written problems and short essay. All exams are to be taken in SS/PA 106 unless permission has been granted. The midterm exam is scheduled for **Wednesday, February 28 at 5:30 PM**. The final is non-cumulative and will be given on **Wednesday, May 16 at 5:00 PM**.

## **Attendance and Participation:**

Research on economic instruction has shown that the best predictor of success is attendance. Attendance will be taken each class. I highly recommend that you attend each class. However, you are permitted four absences (excused or unexcused). After four, you will lose one-half letter grade from your attendance grade. Therefore, if you have commitments to work, family or friends that will prevent you from attending this class regularly, please resolve them **now**.

## **Homework Assignments:**

There are **four** homework assignments in this class. The homework assignments will be posted in Beachboard as Word documents with embedded drag-down menus, text boxes and graphs. You will complete each assignment using Microsoft Word and then save the finished documents. You can obtain a free copy of Office 365 (with Word) at <https://www.csulb.edu/office-365>. You will then upload your saved Word documents to Beachboard using the Dropbox folder. I will then grade your assignments on-line and post a key. I will not accept any hand-written homework assignments nor any assignments that are emailed to me.

It is your responsibility to submit your completed assignment by the due date. You will have to 10 PM before the folder is turned off. You of course are free to submit your assignment before the due date. ***Late homeworks will not be accepted.***

## **Research Poster and Presentation:**

For this assignment, you will create a digital poster on a specific economic issue concerning currency or financial crises. Traditional poster sessions are often held at academic conferences and provide a low-cost way of presenting research. This poster session will be a good learning experience, since you will have an opportunity to discuss your own research as well as be exposed to research by others.

Your poster project will be done in groups of four students. Your topic will be chosen in class from a short list of specific topics in regional economics. Your first task will be to research your topic along with applying a basic statistical analysis like calculating a correlation coefficient or plotting a Scatter plot. Your second task will be to produce 8-12 PowerPoint slides introducing your research question, describing your data and presenting your results. These slides will be presented in class to solicit feedback from your classmates.

The final task is the creation of a digital poster from your PowerPoint slides. The digital poster should include a statement of your research question, at least one chart or graph, descriptive statistics for key variables, and results from a statistical exercise. These posters will ultimately be displayed at a poster session on individual screens in an active learning classroom. The **poster session is scheduled for Friday, May 11** with the location and time to be announced. Greater details on the posters will be provided after the midterm exam.

### **Additional Materials:**

*Handouts:* I will periodically create handouts on additional material, graphs, tables and examples to help illuminate the topics of the course. These handouts will be posted at Beachboard

*Blogs:* Economic blogs are a great way to follow and debate current economic events and to witness economic thinking in action. I have posted links to some of the more popular economics blogs at Beachboard.

*Podcasts:* Audio podcasts are another fantastic way to learn more about economic events and theories. Using the archives of *Econtalk*, *TradeTalks*, and others, I have connected relevant episode(s) to the topics in the course in the Podcast folder at Beachboard.

### **Extra Credit:**

There is no possibility of extra credit assignments in this class.

### **Examination Policy:**

I recognize only those university-approved absences as excused. A university-approved absence is (1) an illness or injury (which requires a physician's note), (2) death or serious illness of immediate family member, (3) a religious observance, (4) jury duty or government obligation, or (5) university sanctioned or approved activity. See the Academic Information And Regulations section of the CSULB Catalog for greater details. Written documentation (e.g., a note from physician, coach, ...) is required for the absence to be excused.

If you know you will be absent on the day of an exam, see me in person well in advance so that we can arrange for you to take the exam early. If you do not, and your absence is excused (see above), you will be allowed to take a make-up exam. The make-up exam will be a different exam than the one given to the rest of the class. If your absence is **not** a university-approved reason, you will **not** be given a make-up exam and will receive a zero for the exam.

### **Withdrawal Policy:**

The instructor is not responsible for dropping enrolled students. Students are obligated to officially withdraw even if they have not attended class. Students who fail to officially withdraw are subject to a failed grade in the course. For more information, please consult the Schedule of Classes.

**Course Outline:**

The following is the course outline with the assigned textbook readings and the dates. All handouts, additional readings and homework assignments are posted at **Beachboard**.

<b><u>Topic</u></b>	<b><u>Text</u></b>	<b><u>Add. Read.</u></b>	<b><u>In-class Date(s)</u></b>
I. Introduction (week 1)			
A. Economic Integration and Globalization	1	no	Jan. 22
B. The Big Three: IMF, WB, WTO	2	no	Jan. 22
II. Trade Theory and its Historical Context (weeks 2 - 6)			
A. Mercantilism		yes	Jan. 24
B. Adam Smith and David Ricardo	3	yes	Jan. 24
C. The Ricardian Model	3	yes	Jan. 29 and 31
<b>HOMEWORK ASSIGNMENT #1 is due on Monday, February 5 by 10:00 PM</b>			
D. The Heckscher-Ohlin Model	4	no	Feb. 5 and 7
E. Factor Markets and Income Distribution	4	yes	Feb. 12 and 14
<b>HOMEWORK ASSIGNMENT #2 is due on Monday, February 19 by 10:00 PM</b>			
F. New Trade Theory	5	yes	Feb. 19 and 21
G. Catch-Up and Review			Feb. 26
<b>MIDTERM EXAM #1 (Wednesday, February 28)</b>			
III. Trade Policy (weeks 7 - 9)			
A. Tariffs and Quotas	6	no	Mar. 5 and 7
B. Why Protectionism?	7	yes	Mar. 12 and 14
C. Labor and Environmental Standards	8	yes	Mar. 19

**HOMEWORK ASSIGNMENT #3 is due on Wednesday, March 21 by 10:00 PM**

<u>Topic</u>	<u>Text</u>	<u>Add. Read.</u>	<u>In-class Date(s)</u>
D. Regional Trading Arrangements	13	yes	Mar. 21

**SPRING BREAK – no class on March 26 and 28 and April 2**

IV. International Finance (weeks 10 - 12)

A. Balance of Payments	9	yes	April 4
B. Exchange Rate Markets and Players	10	yes	April 9
C. Exchange Rate Systems	10	yes	April 11

**HOMEWORK ASSIGNMENT #4 is due on Monday, April 16 by 10:00 PM**

D. Exchange Rate Determination	10	no	April 16 and 18
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V. Currency and Financial Crisis (weeks 13 - 14)

A. Currency and Financial Crisis	12	yes	April 23 and 25
B. Introduction to the Data		yes	April 30
C. Statistical Analysis		yes	May 2

**VI. Poster Production and Presentation (week 15)**

**A. FIRST DRAFT OF POWERPOINT is due Monday, May 7 by 5:00 pm**

**B. PRESENTATIONS OF POWERPOINT is on Monday, May 7 and Wednesday, May 9**

**C. FINAL DRAFT OF DIGITAL POSTER is due Friday, May 11 by 9:00 am**

**D. POSTER SESSION (Friday, May 11, tentatively scheduled for 11-1)**

**FINAL EXAM (Wednesday, May 16 at 5:00 PM)**