

Rutgers University

International Economics (220:300:07)

Spring 2014

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Office Hours (TENTATIVE): M: 10:00-11:00am, Tilett Hall-Learning Center
W: 2:30 – 3:30pm, NJ Hall-106B, and by appointment

Class meets: M/TH 8:40 – 10:00am, LSH – AUD, LIV.

Prerequisites: 220:102: Microeconomics, 220:103: Macroeconomics

Course Description

This course, a lower level elective, covers two distinctive fields of international activities – International Trade and International Finance including Money and Capital Markets along with Balance of Payments for each country. International trade deals with the flows of goods and services, factors of production, and other government restrictions. International Money and Capital Markets are concerned with the movements of short and long term funds across the world. The Balance of Payments, part of International Finance, represents financial statements of each country showing important accounting activities of a country as a whole.

Final Exam: To avoid any confusion it is policy to display the date and time of the final Exam on the front page of the syllabus. **Date: May 13, Time: 8-11pm**

Grading Policy

Two midterm: 30% each, Final Exam: 40%

1. Make-Up Exams will only be given under extraordinary circumstances. Students should check with me before missing an exam to see whether their particular circumstances meet my very limited definition of extraordinary.
2. Note that there are no extra credit assignments/projects available but improvements in exams may be taken into consideration.
3. All exams are closed books, closed notes. You are allowed to use a regular calculator, but cell phones or any electronic devices including laptop, smart phones, etc. are not allowed.
4. Grades are not available via the phone or email and grade-related questions cannot be answered via email or phone.

Students with disabilities

Students with special needs for exam arrangements must present a letter from the RU Office of Disability Services to the instructor early in the semester.

Learning Outcomes

Students who satisfactorily complete International Economics should be able to:

- Explain theories of international trade, tariffs, and other trade barriers.
- Foreign exchange rates determination, fundamentals of FX markets.

- Demonstrate both monetary approach and asset approach to exchange rates.
- Discuss national and international accounts and the balance of payments.
- Explain fixed and floating exchange rates and their effects on national economies.

Class Procedures

I will use Power-Point presentations in class, and will make these available to you in advance (on Sakai). I recommend that you use printouts of these presentations to take class notes. Many students have found it useful to compile these presentations in a binder.

The structure of this class makes your individual study and preparation outside class extremely important. The Power Points will focus on the major points introduced in the text.

Turn off all electronic devices (smart phones, i-pots, i-pads, laptops, etc.) in class.

Exam and Attendance Policies

1. The University has established rather severe penalties for cheating. For example, "Copying from or giving others assistance on an hourly or final examination..." is a Level Three violation. A Level Three violation carries with it "Suspension from the University for one or more terms." Grades are not available via email or phone, and any grade-related questions cannot be answered via email or phone.
2. Students are expected to attend every class. While such is not always possible, students should be aware that I will not provide individual review sessions and that ***it is impossible to pass this course without regular attendance.*** *If you expect to miss one or two classes, please use the University absence reporting website: <http://sims.rutgers.edu/ssra> to indicate the date and reason for your absence. An e-mail is automatically sent to me.*

Textbook (required): *Essentials of International Economics*, by R.C. Feenstra and A.M. Taylor (Worth 2012, 2nd edition.)

Study guide (recommended): Accompanying the text.

Reminder: Learning Goals for Economic Majors

1. Economic Literacy – Students who complete the major in economics should understand and be able to articulate, both orally and in writing, the core economic principles, concepts and theories that form the foundation for modern economic analysis and economic research.
2. Economic Numeracy – Students who complete the economics major should be familiar with the tools, techniques and methods of empirical economics. They should be able to analyze data using computer applications and should be familiar with regression methods and other statistical techniques. They should be able to read and assess general interest articles on economic topics. In addition, they should be able to understand and evaluate key findings in published economic research from a wide range of sources including academic economists, public policy ‘think tanks,’ and government agencies.
3. Economic Citizenship – Upon completion of the major students should be able to apply their understanding of core concepts and quantitative tools to analyze and research real world problems and evaluate alternative economic policy proposals on microeconomic and macroeconomic issues.

4. Economic Scholarship – Qualified majors should have an opportunity through such avenues as advanced coursework, faculty interactions, national and local competitions and honors courses and programs to utilize up-to-date methodological tools and become fully engaged in economic research and issues on the frontiers of economics.

[Department of Economics, Rutgers, The State University of New Jersey, February 2008]

Schedule of Topics (Tentative)

Lesson	Topics	Chapters Assigned
1,2	The global economy	1
3,4	Trade and technology: Ricardian model	2
5,6	Trade in the specific-factors Model	3
7,8	Trade and resources: The Heckscher-Ohlin model	4
9	Midterm-1 (2/20/14)	1,2,3,4
10,11	Movement of labor and capital between countries	5
12,13	Increasing returns to scale and monopolistic competition	6
14,15	Import tariffs and quotas under perfect competition	7
16,17	International agreements: Trade, labor, and the environment	9
18	Midterm-2 (3/31/14)	5,6,7,9
19,20	Intro to FXRs and the FX market	10
21,22	FXRs I: The monetary approach in the long-run	11
23,24	FXRs II: The asset approach in the short-run	12
25,26	National and international accounts: income, wealth and BOPs	13
27,28	FXRs and macroeconomic policies in the S-R OH: (11:00-12:30, 5/12/14, Mon)	14

Final Exam : Tuesday, May13, 8:00 – 11:00pm (10,11,12,13,14)

Course Evaluations

Each student will receive e-mail notices when the evaluation period begins. I strongly encourage you to complete the evaluations including mid-semester one.