Course overview: International economics is often dichotomized. One part is international trade, the flows of goods and services across borders. The other part is international finance, the flows of financial assets across borders. In this course we will cover both trade and finance. Under international trade we will examine the gains and losses from trade, the role of factor endowments, government trade policies, trade agreements, regional trading blocs such as the EU and NAFTA, and the World Trade Organization (WTO). Under international finance we will first deal with the determination of exchange rates. In particular we will consider how exchange rates are related to interest rates and price levels. We will address macroeconomic policies in an open economy. Finally, we will consider the International Monetary Fund (IMF) and its role in international macroeconomics and finance.

Required textbook: International Economics 9e by Husted and Melvin

In addition to the textbook you should read articles from journals and magazines on current events in international economics. The following sources should be of interest to you for this class: The Economist, Foreign Affairs, and Foreign Policy.

Sakai This will be used to post material, e.g., assignments, and to send messages.

Course grade: There will be two tests, a comprehensive final exam, periodic problem sets, and an essay. The tests will take place in class. The final exam will take place during the end-of-semester examinations period and is scheduled by the university. If you cannot make the university scheduled exam period you will receive an incomplete for this course and take the final exam later.

10 quizzes will be given during the semester. Eight will count toward your course grade; your lowest two (including 0 if you miss class on a quiz day) will be dropped.

Problem sets will be assigned several times during the course. You are allowed to work in small groups on the problem sets but each student must turn in own work. Problems sets are formative exercises and will not receive a grade for right or wrong answers. Use these problems sets as a tool for learning, not showing what you have learned. Tests and the exam are where you show what you have learned. Your problem set grades will be determined by the quality of the presentation of you work. Clear and neat solutions will receive high marks. Sloppy solutions with receive lower marks.
You will write a 5-6 page on the purpose, functions, and activities of an international economics institution such as IMF, WB, WTO, OECD, BIS, EU, NAFTA, or some other relevant combination of letters.

- tests (2 @ 25% each) 50%
- final exam 35%
- quizzes 5%
- problem sets 5%
- essay 5%

Schedule for course final grade:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.00</td>
<td>95–100</td>
</tr>
<tr>
<td>3.75</td>
<td>93–94</td>
</tr>
<tr>
<td>3.50</td>
<td>89–92</td>
</tr>
<tr>
<td>3.25</td>
<td>86–88</td>
</tr>
<tr>
<td>3.00</td>
<td>80–85</td>
</tr>
<tr>
<td>2.75</td>
<td>78–79</td>
</tr>
<tr>
<td>2.50</td>
<td>75–77</td>
</tr>
<tr>
<td>2.25</td>
<td>73–74</td>
</tr>
<tr>
<td>2.00</td>
<td>70–72</td>
</tr>
<tr>
<td>1.75</td>
<td>67–69</td>
</tr>
<tr>
<td>1.50</td>
<td>64–66</td>
</tr>
<tr>
<td>1.25</td>
<td>61–63</td>
</tr>
<tr>
<td>1.00</td>
<td>55–60</td>
</tr>
</tbody>
</table>

Tentative dates for tests, quizzes, and essay

- 27 January   quiz # 1
- 3 February    quiz # 2
- 10 February   quiz # 3
- 19 February   test # 1
- 3 March       quiz # 4
- 10 March      quiz # 5
- 24 March      quiz # 6
- 31 March      quiz # 7
- 2 April       test # 2
- 14 April      quiz # 8
- 21 April      quiz # 9
- 28 April      quiz # 10
- 21 April      essay due
**Attendance:** Essential. I will take attendance each day and maintain a record of class absences.

**Classroom etiquette:** You are expected to be considerate of the other students in this class. Please be in class on time and to remain until class ends. Please do not speak privately to other students during class. Please do not use your phone during class. Please do not eat in class.

**Academic integrity:** A major commitment of the University is “to the intellectual development of the student” (St. Lawrence University Aims and Objectives) which can be achieved only by strict adherence to standards of honesty. At St. Lawrence, all members of the community have a responsibility to see that these standards are maintained. Consequently, St. Lawrence University students will not engage in acts of academic dishonesty. All students should have a copy of their signed and pledged agreement to the honor code from their first semester at SLU.

**Course outline**

I INTERNATIONAL TRADE

Chapters 1 and 2  Introduction

Chapter 3  History of trade theory

Chapter 4  Hecksher-Ohlin trade model

Chapter 5  Tests of trade models

Chapters 6  Barriers to trade: tariffs

Chapter 7  Barriers to trade: non-tariff

Chapter 7  Arguments for protection

Chapter 9  Regional economic integration

Chapter 8  World Trade Organization (WTO)

II BALANCE OF PAYMENTS

Chapter 11  BOP—and the relationship between trade and finance
III INTERNATIONAL FINANCE

Chapter 12  Exchange rates
Chapter 15  Purchasing power parity
Chapter 14  Interest rate parity
Chapters 17  Macroeconomic policy in an open-economy
Chapters 13  International monetary system and the IMF
Chapter 16  Exchange rate effects on the current account
Chapter 18  International banking