

UNIVERSITY OF PENNSYLVANIA
SCHOOL OF ARTS AND SCIENCES
DEPARTMENT OF ECONOMICS

Econ 50 - 002 – International Economics
Spring 2009

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Office Hours: Wednesday: 9-10:30, Friday 9:30-10:30

Objectives and Prerequisites

This course is an introduction to the theory of international trade and international monetary economics. The theoretical background is used as a basis for discussion of policy issues. Patterns of international trade and production; gains from trade; tariffs, and other impediments to trade; foreign exchange markets, balance of payments, capital flows, financial crises, coordination of monetary and fiscal policy in a global economy.

Note: Economics 50 is a one-semester course in international Economics. Students wishing to study the subject in greater depth should take instead the two-semester sequence Economics 251-252. A student who receives credit for Economics 50 will receive no credit for either Economics 251 or 252.

Prerequisites: Economics 1 and 2 or Economics 10.

Lecture and Office Hours

Lecture Hours :

Monday: 11 – 12, McNeil 285

Wednesday: 11 – 12, McNeil 285

Friday: 11 – 12, McNeil 285

Office Hours (McNeil 343):

Wednesday: 9–10:30

Friday: 9:30-10:30

Textbook

Krugman, P. and Obstfeld, *International Economics* (8th ed.). Addison-Wesley.2009.

Sources on the web:

www.aw-bc.com/krugman,

www.ssc.upenn.edu/econ, www.census.gov, www.bls.gov, www.bea.doc.gov, www.federalreserve.gov, www.stls.frb.org, www.phil.frb.org, www.cbo.gov, www.fms.treas.gov, www.nber.org, www.napm.org, www.conferenceboard.org, www.economagic.com, www.economics.aborut.com, www.chass.utoronto.ca/link, www.worldbank.org, www.imf.org, www.adb.org, www.oecd.org, www.un.org/esa/desa

Grading

The final grade for the course will be based on homework assignments, two midterm exams and a final exam.

Exam 1 (February 20th, Friday, 11-12, Location: McNeil 286-87) (20%)

Exam 2 (April 3rd, Friday, 11-12, Location: McNeil 286-87)) (20%)

Final Exam (scheduled by the Registrar; preliminary, Monday, May 11th, 9-11) (40%)

Homework assignments (the lowest grade will be dropped) (20%)

Courses taught in the Department of Economics are covered by a common set of course management policies. Registering for this course means that you will follow these policies. See, Departmental Policies for Undergraduate Economics Courses

<http://www.econ.upenn.edu/Undergraduate/Departmental%20Course%20Policies.htm>

The Department has a guideline for the distribution of grades. This guideline will be followed in this course:

00-30% grades: A or A-

40-50% grades: B+, B, or B-

20-30% grades: C+ or below

Exams

There will be two midterm exams and a final exam. All examinations are closed book and notes. Students are expected to have their calculators.

Exam 1(February 20th, Friday, 11-12, Location: McNeil 286-87)) (20%)

Exam 2 (April 3rd, Friday, 11-12, Location: McNeil 286-87)) (20%)

Final Exam (scheduled by the Registrar; preliminary, Monday, May 11, 9-11) (40%)

http://www.upenn.edu/registrar/pdf_main/09A_Final_Exam_Schedule.pdf

See final exam rules: http://www.upenn.edu/registrar/pdf_main/exam_rules.pdf

See Departmental Policies for Undergraduate Economics Courses

<http://www.econ.upenn.edu/Undergraduate/Departmental%20Course%20Policies.htm>

Any conflicts regarding exams will be resolved according to University and Departmental Policies.

Any requests for re-grading of exams must be submitted in writing within one week from the date that exams are made available. Please note that the re-grade period begins on the date that the exams are made available and not on the date that you pick up the exam. If you miss the class during which the exams are returned, it is your responsibility to pick up your graded exam within the one-week period. When you request a re-grade, we retain the right to re-grade your entire exam.

Do not mark or make notes on your graded exam, and do not alter in any way the answers to the questions. Such alterations will be construed as violations of the Code of Academic Integrity and may be referred for disciplinary action.

Homework Assignments

There will be weekly assignments, which are essential in mastering the course material. Students will have about a week to complete these assignments.

Attendance

Attendance is required, and is essential for learning the course material.

Course Outline (other readings will be given during the semester)

1. Introduction
Krugman & Obstfeld, Chp.1
2. World Trade
Krugman & Obstfeld, Chp. 2
3. Labor Productivity and Comparative Advantage
Krugman & Obstfeld, Chp.3
4. Resources, Comparative Advantage and Income Distribution
Krugman & Obstfeld, Chp.4
5. The Standard Trade Model
Krugman & Obstfeld, Chp.5
6. Economies of Scale, Imperfect Competition, and International Trade
Krugman & Obstfeld, Chp.6
7. International Factor Movements
Krugman & Obstfeld, Chp.7
8. Trade Policies and Controversies
Krugman&Obstfeld, Chp.8, 9, 11 (page numbers will be given during the semester)
9. National Income Accounting and the Balance of Payments
Krugman & Obstfeld, Chp.12
10. Foreign Exchange Markets
Krugman & Obstfeld, Chp.13
11. Money, Interest Rates and Exchange Rates
Krugman & Obstfeld, Chp.14
12. Price Levels and the Exchange Rate in the Long Run
Krugman & Obstfeld, Chp.15
13. Output and the Exchange Rate in the Short Run
Krugman & Obstfeld, 16
14. Fixed Exchange Rates and Foreign Exchange Intervention
Krugman & Obstfeld, 17
15. Policy Coordination, Capital Markets and Crises
Krugman & Obstfeld, 19, 21, 22 (page numbers will be given during the semester)