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:
Tuesday: 10:30 – 12:00, LOGN 402
Thursday: 10:30 – 12:00, LOGN 402

Office Hours (McNeil 343):
Tuesday: 1:00 – 2:30
Thursday: 1:00 – 2:30
and by appointment (Tel:8-6765, E-mail: ozmucur@ssc.upenn.edu)
Textbook

Sources on the web:
www.aw-bc.com/krugman,

Grading

The final grade for the course will be based on two exams, and assignments:
Midterm Exam (February 22nd, Thursday, 10:30-12:00, Place: COLL 200) (40%)
Final Exam (to be scheduled by the Registrar; preliminary, Wednesday, May 2, 12-2) (40%)
Assignments (20%)

Beginning with fall 2006 semester, courses taught in the Department of Economics are covered by a common set of course management policies. 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, B-
20-30% grades: C+ or below

Exams

There will be a midterm exam and a final exam. All examinations are closed book.

Midterm Exam (February 22nd, Thursday, 10:30-12:00, Place: COLL 200) (40%)
Final Exam (to be scheduled by the Registrar; preliminary, Wednesday, May 2, 12-2) (40%) (Tentative schedule by the Registrar
http://www.upenn.edu/registrar/pdf_main/07A_Exam_Schedule.pdf
See Departmental Policies for Undergraduate Economics Courses
http://www.econ.upenn.edu/Undergraduate/Course%20Policies.html

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.

Assignments

There will be weekly homework assignments, which are essential in mastering the course material. Assignments will be posted on the course-web (Blackboard), usually a week before the due date. Assignments are due in class; will be collected in class, only. Assignments sent by e-mail, or dropped in mail boxes will not be graded. Since solutions to assignments will be posted on the course-web (Blackboard) before the end of the class on the due date, no late assignments will be accepted. The lowest grade of homework assignments will be dropped in calculations for the semester grade.

Attendance

Attendance is required, and is essential in 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. The Instruments of Trade Policy
   Krugman & Obstfeld, Chp.8

   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. Macroeconomic Policy and Coordination under Floating Exchange Rates
    Krugman & Obstfeld, 19