

UNIVERSITY OF PENNSYLVANIA
SCHOOL OF ARTS AND SCIENCES
DEPARTMENT OF ECONOMICS

Econ 050 – International Economics
Spring 2016

Cecília Fieler

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Please use email to communicate with me. I do not look at the messages in Canvas.

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Office hours: Thu 1:30-3:30

Course hours: Tuesdays and Thursdays, 10:30-12:00noon in McNeil 410

Objectives and Prerequisites

This course is an introduction to the theory of international trade and international macroeconomics. The theoretical background is used as a basis for discussion of policy issues. Topics include: 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.

Prerequisites: Economics 1 and 2 or Economics 10.

Textbooks

Required: Krugman, P., M. Obstfeld and M. Melitz (KMO), *International Economics* (10th ed.). Pearson 2014

Optional: Feenstra, R. and Taylor, A. (FT), *International Economics* (3rd ed.). Worth Publishers, 2014

Recommended readings

Irwin, D., *Free Trade under Fire* (3rd ed.) Princeton University Press, 2009

Reinhart, C., K. Rogoff, *This Time is Different: Eight Centuries of Financial Folly*, Princeton University Press, 2009

Grading

The final grade for the course will be based on homework assignments, two midterms and one final exam. The worst homework assignment grade will be dropped. The final exam is cumulative.

Homework assignments	15%
Midterm I, February 11	25%
Midterm II, March 22	30%
Midterm III, April 26	30%

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

<https://economics.sas.upenn.edu/undergraduate-program/course-information/guidelines/policies>

The Department's guideline for the distribution of grades will also be followed:

00-30% grades: A or A-

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

20-30% grades: C+ or below

Outline of the course (subject to change)

Part I: International trade

Introduction to trade
 Ricardian model
 Heckscher-Ohlin model
 The standard trade model
 External economies of scale
 Internal economies of scale I:
 monopolistic competition
 Internal economies of scale II: firms
 Instruments of trade policy
 Controversies of trade policy

II Intern. macroeconomics

Introduction to international
 macroeconomics
 Income accounting
 Exchange rates
 Money and foreign exchange markets
 Exchange rates in the long run
 Exchange rates in the short run
 Fixed exchange rates
 History of international monetary systems
 Developing countries: Growth, crisis and
 reform