

**UNIVERSITY OF PENNSYLVANIA
SCHOOL OF ARTS AND SCIENCES
DEPARTMENT OF ECONOMICS**

**Econ 50 – International Economics
Spring 2018**

Course Instructor: Suleyman Ozmucur

Office: McNeil 367, Tel: 8-7624

E-mail:ozmucur@sas.upenn.edu

Web-page: <http://web.sas.upenn.edu/ozmucur/>

Office Hours: Monday: 3:30-4:30, Wednesday: 3:30-4:30, or by appointment

Objectives and Prerequisites (from Economics Course Register)

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. Prerequisites: Economics 1 and 2 (or Economics 10). 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.

Lecture Hours:

Monday: 2 – 3:30, McNeil 395

Wednesday: 2 – 3:30, McNeil 395

Required text and software: MyEconLab with Pearson eText - for **Krugman, P., M. Obstfeld, and M. Melitz**, *International Economics: Theory and Policy*, 11th Edition. Pearson. 2018

Earlier editions of the textbook (8, 9, 10) may be used, provided you attend all the lectures. There will also be copies on reserve (Rosengarten Reserve).

It is also possible to purchase MyEconLab without Pearson eText. In addition to MyEconLab, one needs the 11th edition (hardcover or etext), or earlier editions (8, 9, 10) of the textbook.

Recommended (also available on Rosengarten Reserve): Feenstra, R. C. & A. M. Taylor, *International Economics (4th ed.)* Worth Publishers. 2017.

Sources on the

web:http://media.pearsoncmg.com/ph/bp/bridgepages/bp_krugman_bridgepage/index.html,www.econ.upenn.edu,www.census.gov,www.bls.gov,www.bea.gov,www.federalreserve.gov,www.stls.frb.org,www.phil.frb.org,www.cbo.gov,www.treasury.gov,www.worldbank.org,www.imf.org,www.oecd.org, www.un.org, www.wto.org

Course Outline (about a week for a section, other readings will be given during the semester)

1. World Trade

Krugman, Obstfeld, Melitz, Chapters 1 and 2

2. Labor Productivity and Comparative Advantage: The Ricardian Model

Krugman, Obstfeld, Melitz, Chapter 3

3. Specific Factors and Income Distribution

Krugman, Obstfeld, Melitz, Chapter 4

4. Resources and Trade: The Heckscher-Ohlin Model

Krugman, Obstfeld, Melitz, Chapter 5

5. The Standard Trade Model

Krugman, Obstfeld, Melitz, Chapter 6

6. External Economies of Scale and the International Location of Production

Krugman, Obstfeld, Melitz, Chapter 7

7. The Instruments of Trade Policy

Krugman, Obstfeld, Melitz, Chapter 9

8. National Income Accounting and the Balance of Payments

Krugman, Obstfeld, Melitz, Chapter 13

9. Exchange Rates and the Foreign Exchange Market: An Asset Approach

Krugman, Obstfeld, Melitz, Chapter 14

10. Money, Interest Rates and Exchange Rates

Krugman, Obstfeld, Melitz, Chapter 15

11. Price Levels and the Exchange Rate in the Long Run

Krugman, Obstfeld, Melitz, Chapter 16

12. Output and the Exchange Rate in the Short Run

Krugman, Obstfeld, Melitz, Chapter 17

13. Fixed Exchange Rates and Foreign Exchange Intervention

Krugman, Obstfeld, Melitz, Chapter 18

14. Financial Globalization: Opportunity and Crisis

Krugman, Obstfeld, Melitz, Chapter 20

Departmental Course Policies: All Economics Department course policies are in force in this course even if not explicitly listed on this syllabus. See Departmental Policies for Undergraduate Economics Courses <https://economics.sas.upenn.edu/undergraduate-program/course-information/guidelines/policies>

Academic Integrity: All work, including online homework assignments and quizzes (MyEconLab), should be your own work. All suspected violations of the code of academic integrity as set forth in the Pennbook (<https://provost.upenn.edu/policies/pennbook>) will be reported to the Office of Student Conduct. Confirmed violations will result in a failing grade for the course. <http://www.upenn.edu/academicintegrity/>

Attendance: Attendance is required and crucial in learning the material and doing well in the course.

Email Policy: Please direct all written communication concerning to the course discussion forum rather than to the instructors' personal email accounts. For personal issues, use Canvas's private messaging feature to communicate directly with the course instructors.

Canvas: We will be using an online discussion forum in Canvas, for all written communication in this course. We will use Canvas to make course announcements, answer questions about course material and respond to private messages from individual students regarding personal issues. By asking your question and getting an answer on Canvas, you create a positive externality: other students benefit from your questions and you benefit from theirs. You can even post anonymously if asking questions publicly makes you uncomfortable.

Grading

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

Overall Score = $(15\% \times \text{Homework}) + (25\% \times \text{Quizzes}) + (20\% \times \text{Midterm}) + (40\% \times \text{Final})$

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.

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

Course Curve: If necessary, I will curve overall course scores (not individual assignments) so that approximately 30% fall in the A-range, 40-50% fall in the B-range, and the bulk of the remaining 20-30% fall in the C-range. I reserve grades below a C-minus for those cases in which a student fails to attain a minimum level of basic competence in statistics, an absolute rather than relative standard.

problem notice. I will only curve the course in your favor, so the most stringent possible grade boundaries are: A-range = 90-100, B-range = 80-89, C-range = 70-79, D-range = 60-69. (In this case, the top two points of each range would be a “plus” and the bottom two points a “minus.”)

Exams: There will be a 70-minute in-class midterm exam and a 2-hour final exam during the exam period. Midterm is worth 20%, and the final is worth 40% of your grade. The final exam is comprehensive: it will focus on the second part of the course but include several questions on earlier material (about 75% of the material after the midterm, and about 25% before midterm exam). There will be no makeup midterms: if you miss the midterm, your final exam will be worth 60% to compensate. The makeup final will take place at the beginning of next semester and is outside of the instructor’s control: eligibility as well as the time and date are determined by the Economics Department. All exams are closed books and notes. Cheat sheets are not permitted on exams. calculators are not allowed. You may write in pencil or pen on your exam as it will be photocopied before being returned to you.

Dates and times of Exams:

Midterm Exam (February 28th, Wednesday, 2-3:30) (20%)

Final Exam (to be scheduled by the Registrar; preliminary, May 8, Tuesday, 9:00-11:00) (40%)

See final exam rules: <http://provost.upenn.edu/policies/pennbook/2013/02/13/rules-governing-final-examinations>

Regrade Requests: Exam regrade requests must be made in writing within a week of receiving your graded exam. As we re-grade the entire exam, your score could rise or fall. You may not discuss your answers with the grader or the instructor before submitting a regrade request.

Quizzes

There will be weekly quizzes from MyEconLab. Two lowest scores will be dropped before calculating the average of quizzes. You will have 2 chances to get the correct answer for a question.

Homework Assignments

There will be weekly homework assignments from MyEconLab. Questions are similar to exercises at the end of each chapter, and are essential in mastering the course material. Two lowest scores will be dropped before calculating the average of homework assignments. You will have 3 chances to get the correct answer for a question.