**ECO 3703   
CRN Number xxxx**

**International Economics**

**Fall/Spring 20xx**

**Professor Information**

**Teaching Assistant Information   
Office Hours**

**Required Text and Materials**

International Economics, 9th edition by Steven Husted and Michael Melvin (HM).  
ISBN-10: 0321783867 • ISBN-13: 9780321783868

Alternative texts: Krugman and Obstfeld, International Economics: Theory and Policy, 8th Edition.

**Course Description**

Explore why nations trade and the effect of trade and capital flows on the balance of payments, exchange rates, incomes, and welfare. Examine the effects of commercial policy and the creation of international agreements such as free trade and common currency areas.

This course provides an analysis of the economic relationships between countries, covering both trade and monetary issues. The course is split into two parts:   
I. International trade theory and policy  
Patterns of trade.   
Ricardian, Heckscher-Ohlin theories of trade.  
Impact of trade on factors of production/wages etc.   
Tariffs, quotas, subsidies.  
Economic integration, free trade areas, WTO.

II. International macroeconomic issues.  
How are exchange rates determined? Spot rates, futures, arbitrage etc.  
Why do countries run large current account surpluses or deficits? Are such external imbalances sustainable?  
Fixed vs Flexible exchange rates.  
Monetary integration, common currency areas.

**Course Prerequisites and Credit Hours and Class Time Commitments**

PRE-REQUISITES: (Undergraduate level [ECO 2013](https://banner.fau.edu/FAUPdad/bwckctlg.p_display_courses?term_in=201108&one_subj=ECO&sel_subj=&sel_crse_strt=2013&sel_crse_end=2013&sel_levl=&sel_schd=&sel_coll=&sel_divs=&sel_dept=&sel_attr=) Minimum Grade of C or Graduate level [ECO 2013](https://banner.fau.edu/FAUPdad/bwckctlg.p_display_courses?term_in=201108&one_subj=ECO&sel_subj=&sel_crse_strt=2013&sel_crse_end=2013&sel_levl=&sel_schd=&sel_coll=&sel_divs=&sel_dept=&sel_attr=) Minimum Grade of C) and (Undergraduate level [ECO 2023](https://banner.fau.edu/FAUPdad/bwckctlg.p_display_courses?term_in=201108&one_subj=ECO&sel_subj=&sel_crse_strt=2023&sel_crse_end=2023&sel_levl=&sel_schd=&sel_coll=&sel_divs=&sel_dept=&sel_attr=) Minimum Grade of C or Graduate level [ECO 2023](https://banner.fau.edu/FAUPdad/bwckctlg.p_display_courses?term_in=201108&one_subj=ECO&sel_subj=&sel_crse_strt=2023&sel_crse_end=2023&sel_levl=&sel_schd=&sel_coll=&sel_divs=&sel_dept=&sel_attr=) Minimum Grade of C) or (Undergraduate level [ECO 3003](https://banner.fau.edu/FAUPdad/bwckctlg.p_display_courses?term_in=201108&one_subj=ECO&sel_subj=&sel_crse_strt=3003&sel_crse_end=3003&sel_levl=&sel_schd=&sel_coll=&sel_divs=&sel_dept=&sel_attr=) Minimum Grade of C or Graduate level [ECO 3003](https://banner.fau.edu/FAUPdad/bwckctlg.p_display_courses?term_in=201108&one_subj=ECO&sel_subj=&sel_crse_strt=3003&sel_crse_end=3003&sel_levl=&sel_schd=&sel_coll=&sel_divs=&sel_dept=&sel_attr=) Minimum Grade of C) or Transient Exemption 1

Credit hours: 3

“According to Florida State Statute 6A-10.033, students must spend a minimum 2,250 minutes of in class time during a 3-credit course. Additionally, students enrolled in a 3-credit course are expected to spend a minimum of 4,500 minutes of out-of-class-time specifically working on course-related activities (i.e., reading assigned pieces, completing homework, preparing for exams and other assessments, reviewing class notes, etc.) and fulfilling any other class activities or duties as required.” The course schedule for this course reflects this expectation of students.

**This course may not be used to satisfy upper division economics course requirements for Economics majors.**

**Course Learning Objectives**

By the end of the course you should be able to:

1. Explain patterns of trade based on neo-classical theories,
2. Understand commercial policy (tariffs, quotas, free trade areas) and its effects on welfare,
3. Understand the balance of payments and simple macroeconomic adjustments.
4. Understand the workings of spot and future foreign currency markets
5. Understand the workings of international institutions such as the WTO, European union, IMF etc.

**Course Resources**

Some resources for data and information about international trade and macroeconomics are the WTO <https://www.wto.org/> and the IMF <http://www.imf.org/external/index.htm>. A good source for information about US trade policy is the US International Trade Commission <https://www.usitc.gov/>

**Grading Scale**

The grading scale is as follows:  
A-: 90% and up  
B- to B+: 80 - 89 %   
C to C+: 70 - 79%   
D- to D+: 60 - 69%  
F: below 60%

**Course Evaluation Method**

Your grade will be determined by a midterm and final, attendance and participation, andHW assignments. The tests will consist of multiple choice and short problem type questions. The final exam will be mostly multiple choice.

HW Assignments: The assignments will involve problem solving, collecting data and writing reports on various topics covered in class.

**Additional Course Policies**

**Missed Exams and Attendance**

**Late Assignments**

**Attendance Policy**

**Course Outline**

**International Trade**

(Week 1) I. Introduction - HM: chapter 1

(Week 2) II. The Pure Theory of International Trade

a. Tools of Analysis - General Equilibrium for a Closed Economy - HM: chapter 2 (stop at the section titled National Supply and Demand and omit the Appendix).   
b. Classical Model - HM: chapter 3 (omit Appendices)

(Week 3) c. The Heckscher-Ohlin Model -- HM: chapter 4 (Omit the Appendices)   
d. Alternative Theories - HM: chapter 5 Increasing Returns and Imperfect Competition

(Week 4) III. Tariffs and Other Barriers to Trade

a. Gains from Free Trade - HM: pp. 113-116 (in Chapter 6)

(Week 5) b. Introduction to Tariffs - HM: pp 116-120, pp. 135-137 ("How High Are Tariffs?")

c. Effects of a Tariff - HM: pp. 120-127   
d. Export Tariffs - HM: pp. 127-130

(Week 6) e. Non-Tariff Barriers - HM: pp. 139-151 (in Chapter 7)   
f. Arguments for Protection - HM: pp. 151-162, 131-135 ("The Optimal Tariff")

(Week 7) IV. U.S. Commercial Policy

a. U.S. Trade Policy-History and Current Practice - HM: Chapter 8   
b. Customs Unions and Free Trade Areas - HM: pp. 193-202 (in Chapter 9)

(Week 8) **Review and MIDTERM**

**International Finance**

(Week 9) V. Basics of International Finance

a. Balance of Payments (BOP) and BOP Accounting - HM: Chapter 11 (stop at "Balance-of- Payments Equilibrium and Adjustment")

(Week 10) b. The Foreign Exchange Markets - HM: Chapter 12

(Week 11) VI. International Monetary Standards

a. The Gold Standard and Its Collapse - HM pp. 264-268 (in Chapter 13)   
b. The Bretton Woods System - HM pp. 270-274   
c. Today’s System - HM pp. 274-280   
d. Choice of Exchange Rate Regimes - HM pp. 280 to the end of Chapter 13

(Week 12) VII. Floating Exchange Rates

a. Exchange Rates in the Short Run - HM: Chapter 14; pp. 285-292

(Week 13) b. Exchange Rates in the Long Run- Purchasing Power Parity, HM: Chapter 15

(Week 14) VIII. Balance of Payments Adjustment

a. Balance of Payments Equilibrium and Adjustment - HM: Chapter 11: pp. 247-248.

b. Devaluation - HM: Chapter 16: pp. 309 to top of 313

(Week 15) IX. International Policy Coordination (Monetary Union) , Chapter 17

**Final Exam**

**University and College Policies**

Code of Academic Integrity Policy Statement

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. For more information, see [University Regulation 4.001](http://www.fau.edu/regulations/chapter4/index.php).

Disability Policy Statement

“In compliance with the Americans with Disabilities Act Amendments Act (ADAAA), students who require reasonable accommodations due to a disability to properly execute coursework must register with Student Accessibility Services ([SAS](http://www.fau.edu/sas/)) — See website for locations: [www.fau.edu/sas/](http://www.fau.edu/sas/) — and follow all SAS procedures.”

Religious Accommodation Policy Statement

In accordance with rules of the Florida Board of Education and Florida law, students have the right to reasonable accommodations from the University in order to observe religious practices **and beliefs with regard to admissions, registration, class attendance and the scheduling of** examinations and work assignments.  For further information, please see [Academic Policies and Regulations](http://www.fau.edu/academic/registrar/FAUcatalog/academics.php).

University Approved Absence Policy Statement

In accordance with rules of the Florida Atlantic University, students have the right to reasonable accommodations to participate in University approved activities, including athletic or scholastics teams, musical and theatrical performances and debate activities. It is the student’s responsibility to notify the course instructor at least one week prior to missing any course assignment.

College of Business Minimum Grade Policy Statement

The minimum grade for College of Business requirements is a “C”. This includes all courses that are a part of the pre-business foundation, business core, and major program. In addition, courses that are used to satisfy the university’s “Writing Across the Curriculum” and Gordon Rule math requirements also have a minimum grade requirement of a “C”. Course syllabi give individualized information about grading as it pertains to the individual classes.

Incomplete Grade Policy Statement

A student who is passing a course, but has not completed all work due to exceptional circumstances, may, with consent of the instructor, temporarily receive a grade of incomplete (“I”). The assignment of the “I” grade is at the discretion of the instructor, but is allowed only if the student is passing the course.

The specific time required to make up an incomplete grade is at the discretion of the instructor. However, the College of Business policy on the resolution of incomplete grades requires that all work required to satisfy an incomplete (“I”) grade must be completed within a period of time not exceeding one calendar year from the assignment of the incomplete grade. After one calendar year, the incomplete grade automatically becomes a failing (“F”) grade.

**Withdrawals**

Any student who decides to drop is responsible for completing the proper paper work required to withdraw from the course.

**Grade Appeal Process**

A student may request a review of the final course grade when s/he believes that one of the following conditions apply:

* There was a computational or recording error in the grading.
* Non-academic criteria were applied in the grading process.
* There was a gross violation of the instructor’s own grading system.

The procedures for a grade appeal may be found in [Chapter 4 of the University Regulations](http://www.fau.edu/regulations/chapter4/index.php).

**Disruptive Behavior Policy Statement**

Disruptive behavior is defined in the FAU Student Code of Conduct as *“... activities which interfere with the educational mission within classroom.”* Students who behave in the classroom such that the educational experiences of other students and/or the instructor’s course objectives are disrupted are subject to disciplinary action. Such behavior impedes students’ ability to learn or an instructor’s ability to teach. Disruptive behavior may include, but is not limited to: non-approved use of electronic devices (including cellular telephones); cursing or shouting at others in such a way as to be disruptive; or, other violations of an instructor’s expectations for classroom conduct.

**Faculty Rights and Responsibilities**

Florida Atlantic University respects the right of instructors to teach and students to learn. Maintenance of these rights requires classroom conditions which do not impede their exercise. To ensure these rights, faculty members have the prerogative:

* To establish and implement academic standards
* To establish and enforce reasonable behavior standards in each class
* To refer disciplinary action to those students whose behavior may be judged to be disruptive under the Student Code of Conduct.