

**Syllabus**  
**Economics 460: International Economics**  
Spring 2013

Instructor: Toan Phan  
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Office: 301 Gardner Hall  
Office hours: Wednesdays 5-6pm  
Class hours:  
    Section 2: Tuesday Thursday 12:30pm-1:45pm  
    Section 3: Tuesday Thursday 03:30pm-4:45pm

## Overview

In this course, we will be asking big questions.

Why do countries trade? Is trade good for poor countries? Is trade good for rich countries? Or is trade good for some people and bad for some? What is behind the trade debate between US and China? These are fundamental and relevant questions in *international trade*, a classic subject in economics that we will cover in the first half of the class.

Does investment and savings flow from rich countries to poor countries, or the other way around? What is “global imbalances”? What are differences between private debt and public debt? What is a debt crisis/banking crisis/currency crisis? How does politics interplay with crises? How can we understand the ongoing crises in the U.S. and in the Eurozone? These are fascinating questions in *international finance/macroeconomics*, an increasingly important subject that we will cover in the second half of the course.

If time permits, we will also study exciting developments in *international political economy*. These include the Arab Spring revolutions and social unrest in China.

Like true scientists, we will practice being curious. And like true scientists, we will practice being skeptical of existing answers.

Prerequisites: ECON 310 (100) or ECON 410 (101) or permission of the instructor. Most importantly: curiosity for the world.

## Course material & online resources

Textbook: [KOM] [Krugman, Obstfeld, Melitz "International Economics: Theory and Policy"](#) (9th edition, Addison-Wesley).

- Please register for [MyEconLab](#) access. Use appropriate course ID (section 2: phan51209, section 3: phan30276).
- Note: there is a [free 17-day trial](#) for MyEconLab and e-text. This is good if you are not sure whether to stick with this class to the end.
- Also note: the e-book is cheaper than the old-fashioned hard copy. You can even read it on your iPad with [etext app](#).

Further readings from the press will be assigned and discussed during the course. I recommend reading the Economist (available weekly at [www.economist.com](http://www.economist.com)), at least the Leaders section.

The syllabus, problem sets, lecture notes and additional readings will be posted online on [www.myeconlab.com](http://www.myeconlab.com). All materials on the website should be considered required reading unless otherwise noted. Note also that the lecture notes posted on the website are meant to be a supplement to the notes you take in class – they are a very poor substitute for class attendance. *You should check the website frequently for new updates.* Usually I will post lecture notes one day before the class.

## Grading

Final exam: 30%

Midterm exam: 25%

5 problem sets: 9% each

### Grading Curve (tentative)

At least 93%: A

At least 90% but less than 93%: A-

At least 87% but less than 90%: B+

At least 83% but less than 87%: B

At least 80% but less than 83%: B-

At least 77% but less than 80%: C+

At least 73% but less than 77%: C

At least 70% but less than 73%: C-

At least 67% but less than 70%: D+

At least 60% but less than 67%: D

Less than 60%: F

## Policies

*Missing a midterm:* There will *not* be a make-up test. Your midterm mark will be a zero. This means that midterm's weight will automatically be shifted towards the final (whose weight will then be 55% of your grade).

*Not handing in a problem set:* If you miss the deadline for a problem set, then your score will be halved for each late day. (So your late score = actual score \*  $0.5^{\text{numbers of late days}}$ ).

*Appeals* regarding the grading of a test must be submitted to me or to an Economics Department secretary in writing within one week of your receipt of the graded work. The original test must accompany the appeal. I will re-grade the entire test. Note that this may lead to a lower overall grade. Your complaint has to be in writing and in detail.

*Academic integrity:* I highly value academic integrity. I expect each of you to follow the UNC Honor System. I encourage working in groups on homework. However, each student must write up his or her own version of the homework assignment. Exams must be taken individually.

***Email policy:*** I will do my best to respond to e-mail within 24 hours on a weekday, 48 hours on a weekend, according to the following policy:

- a) I only respond to e-mails posing questions that can be answered in a sentence or two. For detailed questions, please see me in office hours.
- b) I do not reply to e-mails that request information that can be found on the web or the syllabus, so you should check those places first.
- c) I do not reply to e-mails regarding the results of graded material – for that, please see me in office hours.

## Tentative Course Outline

Please read the assigned readings **before** going to class! I will announce in class updates to this outline, which will also be regularly updated on this website.

[Updated on Jan 8, 2013]

Week 1 (Jan 10): Introduction & getting to know each other (KOM 1) [lecture 1 slides](#)

*International Trade*

Week 2:

- Jan 15: Overview of Trade (KOM 2) [lecture 2 slides](#),
- Jan 17: Ricardian Model of Trade (KOM 3) [lecture 3 slides](#)

Week 3:

- Jan 22: Ricardian Model of Trade continued (KOM 3), [lecture 4 slides](#)
- Jan 24: Ricardian Model of Trade continued (KOM 3), [lecture 5 slides](#),  
Homework 1 (due in 1 week)

Week 4

- Jan 29: Wages & Income Distribution (KOM 4), [lecture 6 slides](#)
- Jan 31: Wages & Income Distribution (KOM 4), [lecture 7 slides](#)

Week 5:

- Feb 5: Immigration. Heckscher-Ohlin Model of Trade (KOM 5), [lecture 8 slides](#)
- Feb 7: Heckscher-Ohlin Model of Trade (KOM 5) [lecture 9 slides](#)

Week 6: Homework 2 (due Feb 19)

- Feb 12: Heckscher-Ohlin Model of Trade (KOM 5)
- Feb 14: Heckscher-Ohlin Model of Trade (KOM 5)

Week 7: Homework 3 (due Feb 28)

- Feb 19: Standard Trade Model (KOM 6)
- Feb 21: Standard Trade Model (KOM 6)

Week 8:

- Feb 26: Standard Trade Model (KOM 6),
- Feb 28: Review & practice

Week 9:

- Mar 5: Midterm
  - Mar 7: Trade Policy in Developing Countries (KOM 11)
- [Spring break Mar 8-17]

### *International Finance/Macroeconomics*

Week 10: Accounting & Exchange Rates (KOM 13,14)

\* Note: There MAYBE no class Mar 26. I will update you when this date gets closer.

Week 11: Money & Monetary Policy (KOM 15), Homework 4

Week 12 (Mar 28, Apr 2): Exchange Rate Intervention & International Monetary Systems (KOM 18,19)

Week 13 (Apr 4): Eurozone & Optimal Currency Zone (KOM 20), Homework 5

Week 14 (Apr 9, 11): Financial Globalization & Crises (KOM 21)

Week 15 (Apr 16, 18): Developing Countries: Growth, Crises & Reform (KOM 22), Review

Final schedule: <https://registrar.unc.edu/academic-calendar/spring-2013/>

Thanks: I thank my colleagues, Anusha Chari, Patrick Conway, Lance Kent, Jordi Mondria and Geetha Vaidyanathan for sharing their teaching materials.