UNIVERSITY OF NORTH CAROLINA
DEPARTMENT OF ECONOMICS
ECON 460-002: INTERNATIONAL ECONOMICS
SUMMER I 2015
MTWRF 9:45 AM – 11:15 AM, MU 112

Instructor:	Rita A. Balaban	**Phone:**	919-843-8823 (W)
Office:	200E Gardner Hall	**E-Mail**:	balabanr@email.unc.edu
Office Hours:	Mondays and Wednesdays (2:00 PM – 3:00 PM); Tuesdays and Thursdays (11:30 AM – 12:30PM); or by appointment.		
Website:	http://sakai.unc.edu		
Prerequisites:	ECON 410		

Course Objectives: By the end of this course you should be able to:
- Determine the pattern of trade between countries under various assumptions.
- Evaluate the welfare effects of trade and understand why certain groups support free trade while others do not.
- Analyze the impact that the movement of labor and capital between countries has on a nation's factor prices and its production possibilities in the short- and long-run.
- Discuss the history of some important pieces of U.S. trade policy.
- Evaluate the impact that international trade policy has on our country, our trading partners, and their respective citizens.
- Explain the economic reasoning for the existence of multilateral trade agreements and the purpose of the WTO.
- Differentiate between the different types of regional trade agreements and evaluate their impact on national welfare.
- Debate the pros and cons of international agreements on labor and the environment.
- Understand the fundamentals of the foreign exchange market, and the short- and long-run theories on exchange rate determination.
- Explain how the balance of payments accounts are constructed and interpret the meaning of a current account surplus/deficit.
- Explain how a country's external wealth is calculated and three reasons why it can change.
- Analyze the short-run effect that domestic and/or international shocks have on a nation's key macroeconomic variables and the government's ability to offset these shocks through changes in policy.
- Discuss the benefits and costs of a fixed exchange rate system relative to a flexible exchange rate system.

Required Materials:
- Feenstra, Robert C. and Alan M. Taylor. **Essentials of International Economics**, 3rd edition, Worth Publishers, 2014.
- Basic calculator (~ $1). There is no need for a programmable, scientific, financial, or graphical calculator for this class. Only a basic calculator - similar to the one pictured on Sakai under "Course Materials" - is permitted for use on exams. If you want to know if your calculator is acceptable, then please do not hesitate to ask me.
- Cell phone with a texting plan or a device that can logon to the University's Wi-Fi (e.g. laptop, tablet). This device will be used to complete class polls (see page 2 of the syllabus).

Course Requirements: This course is very rigorous and demanding. You are expected to work hard, actively participate, ask questions when you have any doubts, and perform to the very best of your ability. Still, the purpose of this course is to teach you something about international economics, not to destroy your GPA.

The grading breakdown follows: (percentage of final grade)

Quizzes (best 5 of 6)	20%
Midterm (**May 28th @ 9:45am**)	30%
Cumulative Final Exam (**June 17th at 8:00am**)	45%
In-Class Polls	5%

Quizzes: We will have 6 multiple-choice quizzes during the semester (dates are given on the calendar in Sakai). You will be given 15 minutes for each quiz and it will cover the most recent material. You are allowed to bring one page of your own handwritten notes to the quiz. Your highest five quiz grades will count toward your overall score. There are no make-up quizzes.

Exam Format: Each exam will cover material presented in class, as well as readings and assignments scheduled outside of class. The exam format will be provided in the class prior to a given exam. You should bring your UNC ID, and a "basic" calculator (for a description see the "Required Materials" section of the syllabus) with you to each exam.

Missed Exams: There is no make-up midterm examination. You are forewarned well in advance to properly schedule your time and make proper arrangements for other potential conflicts. If you must miss the midterm exam, say due to illness, you may be permitted to transfer the missed credit to the final examination. To qualify for a transfer of credit, you must contact me **before** the start of the missed midterm examination and provide me with an acceptable explanation. You are required to support your explanation with documentation within 2 business days of the exam. For example, if you miss the exam on May 28th, then you will have until Monday, June 1st, to provide your documentation. If the explanation and documentation are approved by Dr. Balaban, then the weight of the midterm will be placed on the final exam.

"In-class polls" will be conducted during each lecture by using the response system known as *Poll Everywhere*. Participation requires that you have access to a cell phone texting plan or a device that can logon to the University's Wi-Fi (e.g. tablet, laptop). Prior to our first poll you must register your device with Poll Everywhere (PE). Registration instructions and other FAQ can be found by following this link: http://help.unc.edu/help/poll-everywhere-faq/ . **If you do not register properly, then your polls will not be counted.** Please verify that you have registered correctly (see the PE FAQ for more info). If you have not used PE in a course since Fall 2012, then you will need to edit your registration information. An explanation of how the polls will be graded can be found on p. 5 of the syllabus. Note: these question are to be done in class, you will receive a zero on this portion of your final grade if you are found to be answering questions from a distant location.

Grading Scale: I will use the following scale, which is based on a percentage of total possible points, to assign your final grade.

A	= 93-100		C	= 73-76
A-	= 90-92		C-	= 70-72
B+	= 87-89		D+	= 67-69
B	= 83-86		D	= 60-66
B-	= 80-82		F	< 60
C+	= 77-79			

Letter grades are computed from the total points earned during the semester and assigned based on the scale given above. In previous semesters roughly 20% of the class earned in the A-range and 35% of the class earned in the B-range. Although the grade distribution may change this semester, the past scores should give you a sense of my grading standards.

Academic Integrity: All students are expected to adhere to the Honor Code (http://instrument.unc.edu). Any violation will result in an **F** for the course, and other sanctions may apply.

Attendance Policy: Regular attendance is strongly recommended. You are responsible for any announcements that you may have missed if you choose not to attend class or if you cannot attend class. You should get the missed notes/announcements from one of your peers. Discuss any questions you have on the content with a classmate or stop by during my scheduled office hours. It is expected that you will respect your peers and the instructor with appropriate behavior while in class and that you will arrive to class on time. **Students who are not willing to attend regularly should drop the course**.

In the event that you must miss or anticipate missing at least 2 *consecutive classes* because of an *extenuating circumstance*, notify me and the Dean of Students immediately. Upon receipt of notification from the Dean of Students and your return to campus, please contact me and we will discuss any adjustments to your course grade calculation. Reminder: read the email etiquette section for when you should/should not contact your professor.

Laptop/Cell-Phone Policy: You should refrain from reading the paper, browsing the web, texting, playing games, etc. during class time. The first time you violate the restriction, you will be warned. The second time you will lose all Poll Everywhere points for the day. If you are expecting an important phone call (job interview, family illness, etc.), please notify me before class then sit in the back of the class near the exit.

Contacts and Email Policy: I prefer that you address all questions/concerns to me in person. However, if you must email me, then please use proper email etiquette (see http://www.usm.edu/chemistry-biochemistry/e-mail-etiquette-adapted-academia for details).

Regrade Requests: Requests for a regrade must adhere to the following rules:
1. *All Regrade Requests must be made within 1 week of the day on which the grade was posted.* There are no exceptions to this rule. For instance, if you find that your midterm grade is incorrect and notify me 2 weeks after it was posted, no Regrade Requests will be accepted.
2. If you feel that any of your work was graded incorrectly, please fill out the Regrade Request Form found in Sakai. If applicable, staple the Request form to your assignment and hand it in at the start of class. Please note that there is an element of subjectivity in grading written work. If your Regrade Request is of a subjective nature ("I think I deserve 10 points and you only gave me 9"), your Request will likely be rejected.
3. If you submit a Regrade Request, I reserve the right to regrade your entire assignment, which could potentially lower your grade.

If your Regrade Request is rejected and you disagree with the explanation, come see me during my office hours to appeal your Request. Please note the odds are fairly low that I will overturn the original grade, but it is possible if there is a relatively severe misunderstanding.

Tips for Being Successful in ECON 460
- Attend all lectures and complete all assigned readings before they are presented.
- Dedicate at least three hours of study time outside of class for every hour in class.
- Work through the self-test quizzes that are available for each chapter on the publisher's website. A link to these quizzes can be found in Sakai.
- Work through the recommended problems at the end of each chapter. Answers to these problems are available on Sakai.
- If you find that you are having particular difficulty with any of the material in this course, then get help immediately. *Do not let it build up*. It is expected that you will have completed the readings and reviewed your notes BEFORE we meet. Many students will wait until the last minute to get help and put extraordinary demands on their professor's time. I have frequent office hours so please take advantage of them. It is impossible for me to drop everything and dedicate all of my time before an exam to procrastinating students.

Calendar and Reading List: You are expected to have all assigned readings completed before the material is presented. The entire chapter is to be read unless otherwise noted. Please expect to have additional readings throughout the semester.

I. Patterns of International Trade (May 13 – May 21)

    (i) Introduction – Chapter 1 (provides important background information; review the Intro and Section 1 on your own before our first class meeting)

    (ii) Trade and Technology: The Ricardian Model – Chapter 2

    (iii) Gains and Losses from Trade in the Specific-Factors Model – Chapter 3

        J.F. Hornbeck, 2013. "Trade Adjustment Assistance (TAA) and Its Role in US Trade Policy," *CRS Report for Congress*.

    (iv) Trade and Resources: The Heckscher-Ohlin Model – Chapter 4

    (v) Movement of Labor and Capital Between Countries – Chapter 5 and Chapter 1 (Section 2)

    (vi) Increasing Returns to Scale and Monopolistic Competition – Chapter 6

II. International Trade Policies (May 22 – May 29)

    (i) Import Tariffs and Quotas under Perfect Competition – Chapter 7

        J.F. Hornbeck and William H. Cooper, 2012. "Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy," *CRS Report for Congress*.

    (ii) Import Tariffs and Quotas under Imperfect Competition – Chapter 8

    (iii) International Agreements: Trade, Labor, and the Environment – Chapter 9

III. Exchange Rates, the Balance of Payments, and Open-Economy Macro (June 1 – June 15)

    (i) Introduction to Exchange Rates and the Foreign Exchange Market – Chapter 10 and Chapter 1 (Section 3)

    (ii) Exchange Rates I: The Monetary Approach in the Long Run – Chapter 11

    (iii) Exchange Rates II: The Asset Approach in the Short Run – Chapter 12

    (iv) National and International Accounts: Income, Wealth, and the BOP – Chapter 13

    (v) Output, Exchange Rates, and Macroeconomic Policies in the Short Run – Chapter 14

    (vi) Fixed versus Floating: International Monetary Experience – Chapter 15

    (vii) The Euro – Chapter 16

Exam Dates:
- **Midterm exam is at 9:45am on May 28th**
- **Final exam is at 8:00am on June 17th**

Disclaimer: Although the instructor intends to follow this syllabus as closely as possible, there may be times when deviations from the material presented herein are necessary.

Explanation of "In-Class Polls" Grading

Below is an explanation of how the Poll Everywhere questions will be graded. Essentially there will be two types of questions asked: 1) graded questions; and 2) polling questions.

"Graded questions" are questions where there is only one correct answer. "*Polling questions"* do not have correct answers. Examples include questions like, "Should Congress grant the President trade promotion authority?" and "Should multilateral trade agreements include provisions on the environment and labor?"

Grading Procedure:

- I understand that you may not be able to participate in some polls because you missed class, forgot your polling device, and/or had technical difficulty. Missed polls cannot be made-up. This holds regardless of your excuse (e.g. university/athletics commitment, job interview, sickness, technical malfunction, etc.). It's OK though because only the highest 85% of your polls will be allocated toward your "In-Class Polls" grade. I expect to do at least 80 polls during class this semester. In the event that we do 80 polls, for example, your poll grade will only be based on your highest 68 polls. In other words, you can miss 12 polls without incurring a penalty.
- Possible scores on any given "graded question" include:
  - 100% (you answered the question correctly)
  - 50% (you answered the question incorrectly)
  - 0% (you did not answer the question)
- Possible scores on any given "polling question" include:
  - 100% (you answered the question)
  - 0% (you did not answer the question)

Starting Thursday, May 14th, all poll responses will be graded according to the procedures outlined in this document.

Registration instructions for Poll Everywhere can be found at http://help.unc.edu/help/poll-everywhere-faq/

- *If you do not register properly, then your polls will not be counted.* Please verify that you have registered correctly (see the PE FAQ for more info). If you have not used PE in a course since Fall 2012, then you will need to edit your registration information.

Note: these question are to be done in class, you will receive a zero on this portion of your final grade if you are found to be answering questions from a distant location.