

Econ 340
International Economics

Learning Goals:

The key goal of this course is to help students understand the functioning of the international economy. While the course emphasizes the theoretical principles that govern international trade, it also provides extensive coverage of real world trade patterns and the commercial policies of different regions and countries. In addition, it is designed to enhance students' analytical skills, and to improve their oral and written communication skills.

Learning Activities

Besides studying the topics identified in this course, students will individually research one selected country. This research will focus on the role of trade in promoting or hampering growth and development of that country and analyze the various trade policies employed. The research on the role of trade in different countries will parallel the topics covered in class, which each student will analyze as it applies to his/her selected country. A concise summary of a selected aspect of this research will be presented to the class by each student. These presentations will then be followed by class discussion, where students will exchange the lessons they have learned from different countries' experiences. A final paper reporting on the major findings of individual research project will be also assigned.

Assessment

Student assessment

I test	20 percent
II test	20 percent
Presentation	15 percent
Paper	15 percent
Class participation	10 percent
And attendance	
Final Exam	<u>20 percent</u>
Total	100 percent

Paper Topic:

Describe the role of trade in growth and development of your selected country.

Economics 340
International Economics

Spring 2011
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Office Hours:

Tuesday 8:00a.m.-8:30a.m. and 1:30p.m.-2:30p.m.

Friday 8:00a.m.-8:30a.m.

Wednesday: by appointment

Required Test:

International Economics, Robert J. Carbaugh, Fourth Edition, Wadsworth Publishing Co. latest edition.
Additional literature provided during the semester

I. Course Description:

International Economics course can be divided into three interrelated areas: a theoretical framework for trade; the commercial policies of different countries and regions; and the functioning of financial markets. In the first part of the course students learn and analyze several trade theories that explain costs and benefits of trade. Students are asked to find empirical support for these theories through their independent research of a selected country.

In the second part of the course, commercial policies such as tariffs, quotas, and various non-tariff trade barriers are evaluated from a theoretical perspective (using economic models). Economic theory is supplemented by a discussion of the real world use of these instruments and students are required to research the extent to which these instruments are used in their selected country. In addition, industrial organization and policies, as well as economic integration, are analyzed from the perspective of their impact on international trade flows.

In the third part of the course, the functioning of international financial system is analyzed. This part includes an overview of such topics as balance of payments, the foreign-exchange market, exchange rate determination, balance-of-payments adjustments under alternate exchange-

rate regimes, and the international banking system.

II. Course Learning Goals:

1. Understand various economic trade theories
2. Engage in a detailed analysis of different commercial policies and their effects on various countries
3. Examine the functioning of various international financial institutions
4. Understand how exchange rates are determined and the effects of depreciation and/or appreciation on various aspects of different economies, including exports, imports, job creation and growth
5. Review the roles of, and challenges faced by, the major trading blocs
6. Obtain a detailed knowledge of a selected country and the role trade plays in its economy
7. Improve oral and written communication skills

III. Course Content:

List of Topics

Topic	Chapter
1. Globalization and role of international trade	1
2. Foundations of modern trade theory	2
Historical overview	
Supply side trade theories	
3. Modern trade theories	3
4. Extensions of modern trade theories	3
Factor endowments model	
Dynamic comparative advantage model	
5. Role and economic effects of tariffs	4
6. Nontariff trade barriers	5
7. U.S. Commercial policies	6
Historical overview	
Recent trends	
8. Foreign trade in less developed countries	7
9. Role of trading agreements	8

10. Multinational corporation controversy	9
Direct investment, joint ventures and licensing	
11. Balance of payments	10
12. Foreign exchange rates	11
13. Exchange rate determination	12
14. Balance of payment and exchange rate devaluation	14

IV. Teaching Methods:

Lectures, class discussion, students' presentations, two mid-term examinations, final exam

Aside from lectures, each student will select an economy from a list of countries provided by the instructor. Throughout the semester students will research their selected countries, and that research will parallel the issues being discussed in class. The key focus of each individual student's research will be on the role of trade in the growth and development of their selected country. Thus, assessing the comparative advantages of that country will be required, as well as a detailed analysis of the extent and role of various commercial policies and specific trade barriers. Depending on the economy selected, other unique topics related to the role of government in affecting trade should be emphasized. For example, if the selected country is Japan, its industrial organization needs to be analyzed to better understand that country's forms of protectionism. A selected aspect of each student's findings will be presented to the class. The presentation should be accompanied by a written outline distributed to all students.

Each student's presentation will be followed by a classroom discussion. The presentation will be the basis for a final paper.

Each test will measure the students' theoretical knowledge acquired in the classroom and through their individual research by requiring them to apply that knowledge to specific problems and analyses of real world cases. For example, when the role of tariffs is considered, students will be asked to accurately explain the impact of tariffs on trade in their selected country. The tests will also require students to present theoretical arguments and critically evaluate their relevance to selected countries, based on the empirical data that they have collected

outside of class.

The final paper will require each student to analyze the role of trade in the development of their selected country.

Countries to select: Canada, Mexico, Japan, China, India, France, Germany, Russia, Brazil, Great Britain

Each topic can be covered by **two** students

1. Sources of comparative advantages of two selected countries

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2. Geographical and commodity trade structure of a selected country

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3. Role of tariffs in two selected countries

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4. Role of quotas and other nontariff trade barriers in two selected countries (two people)

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5. U.S. foreign trade policies*

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6. Role of the World Bank and the IMF in supporting growth and development in two selected countries

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7. Impact of WTO on a selected country

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8. Effectiveness of trade sanctions (empirical

examples)*

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9. Key economic characteristics of Japan export strategies

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10. Major problems of economies in transition from central planning to a market system (contrast between China and Russia, two people)

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11. Role of trade in LDCs

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12. EU - major problems and advantages
(Based on two selected countries, two people)

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13. NAFTA - advantages and disadvantages (two people)

14. Controversy over the multinational corporations (based on a selected country's experience)

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15. The role of U.S. dollar role as an international currency

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16. The impact of financial crisis on global economy

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Summary--Protectionism - advantages and disadvantages
(based on two selected countries, two people)